

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1075

Short Title: Appreciation of Reverse Mortgages.

(Public)

Sponsors: Representatives Hall; Baker, Bonner, Boyd-McIntyre, Culp, Cunningham, Davis, Eddins, Fox, Grady, Hiatt, Hill, Justus, Kinney, Kiser, Mitchell, Morris, Mosley, Owens, Rayfield, Sherrill, Smith, Starnes, Tolson, Weatherly, Wilkins, C. Wilson, and Womble.

Referred to: Commerce, if favorable, Judiciary I.

April 21, 1997

A BILL TO BE ENTITLED  
AN ACT TO PERMIT LENDERS TO CONTRACT FOR AND RECEIVE SHARED  
APPRECIATION IN CERTAIN CIRCUMSTANCES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 53-270 reads as rewritten:

"§ 53-270. Prohibited acts.

Reverse mortgage lenders are prohibited from engaging in any of the following acts in connection with the making, servicing, or collecting of a reverse mortgage loan:

- (1) Misrepresenting material facts, making false promises, or engaging in a course of misrepresentation through agents or otherwise.
- (2) Failing to disburse funds in accordance with the terms of the reverse mortgage loan contract or other written commitment.
- (3) Improperly refusing to issue a satisfaction of a mortgage.
- (4) Engaging in any action or practice that is unfair or deceptive, or that operates a fraud on any person.
- (5) Contracting for or receiving shared ~~appreciation~~ appreciation or shared equity, other than in an amount:

- 1                   a.     Not to exceed ten percent (10%) of the value of the property at  
2                   the time of the loan repayment; and  
3                   b.     Permitted in conjunction with a loan that:  
4                    1.     Is outstanding for 24 months or longer; and  
5                    2.     Either (i) is guaranteed or insured by an agency of the  
6                    federal government, or (ii) has originated under a reverse  
7                    mortgage program approved by the Federal National  
8                    Mortgage Corporation, the Government National  
9                    Mortgage Association, or the Federal Home Loan  
10                   Mortgage Corporation.
- 11               (6)    Closing a reverse mortgage loan without receiving certification from a  
12                counselor person who is certified as a reverse mortgage counselor by the  
13                State that the borrower has received counseling on the advisability of a  
14                reverse mortgage loan and the appropriate reverse mortgage loan for the  
15                borrower.
- 16               (7)    Failing to comply with this Article."
- 17               Section 2. This act becomes effective October 1, 1997, and applies to contracts  
18               for loans entered into on or after that date.