

McCaskill Reverse Mortgage Amendment Summary

- Require the borrower to: (a) certify that they reside in the mortgaged property; and (b) report the termination of residence to the Department of Housing and Urban Development (HUD) and the lender.
- Requires that, in the case of a property that is purchased with the proceeds of a HECM, that the property is owned and occupied for at least 180 days.
- Requires that properties be appraised by HUD certified/approved appraisers. The lender must: (a) verify the purchase price to ensure the appraised value is not inflated; and (b) obtain any documentation necessary to support an appraised value that is high in relation to those of comparable properties.
- Requires counselors to: (a) report suspected fraud/abuse to HUD's Inspector General; and (2) inform prospective borrowers how they may report suspected fraud/consumer abuses.
- Requires that lenders and counselors maintain a system to ensure compliance, including, but not limited to: (a) maintaining written procedures; and (b) conducting periodic reviews of records that are reasonably designed to detect and prevent violations of this statute.
- States that HUD's Inspector General has the authority to: (a) conduct independent audits and inspections of HECM lenders to ensure they are in compliance with the requirements; and (b) compare HECM borrower records against the Social Security Administration's Death Master File for early identification when payouts should end.
- Provides that any limitation on when criminal charges may be brought against HECM fraud perpetrators be calculated based on when the criminal action is discovered, not when it occurred.
- Prohibits lenders and counselors from selling or disclosing borrowers' personal information for marketing purposes.
- Provides that advertising for reverse mortgage/HECM products cannot be false or misleading and must present a fair balance between the risks and the benefits of the product. When requirements are not met, HUD, the Federal Trade Commission or other agencies having jurisdiction may request that the advertisement be revised or withdrawn.