

ASSEMBLY BILL NO. 352—ASSEMBLYMEN HARDY, KRAMER,
TOLLES; EDWARDS, ELLISON, HAFEN, KRASNER, LEAVITT,
ROBERTS AND WHEELER

MARCH 19, 2019

JOINT SPONSORS: SENATORS HAMMOND,
HARDY; AND PICKARD

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing certain mortgages.
(BDR 52-698)

FISCAL NOTE: Effect on Local Government: Increases or Newly
Provides for Term of Imprisonment in County or City
Jail or Detention Facility.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to mortgages; requiring certain disclosures in
certain documents and advertising relating to a reverse
mortgage; providing penalties; and providing other
matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides that a lender who willfully engages in an unfair lending
2 practice relating to home loans is guilty of a misdemeanor. (NRS 598D.110) This
3 bill makes it an unfair lending practice for a lender to advertise or make a reverse
4 mortgage home loan without including, in a prominent type face, certain
5 disclosures about the conditions of the loan and the obligations of the homeowner.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 598D of NRS is hereby amended by
2 adding thereto a new section to read as follows:

3 1. *It is an unfair lending practice for a lender to advertise or*
4 *make a reverse mortgage home loan without including the*
5 *following disclosures:*

6 (a) *A reverse mortgage is a loan using your home as collateral.*
7 *There are closing costs. A home owner receives a cash amount.*
8 *Most reverse mortgages last until the death of the borrower or*
9 *borrowers, but some have time limits, such as 2 or 5 years. The*
10 *amount of the loan is calculated on an actuarial analysis based on*
11 *the ages of the borrower or borrowers. If an owner pays off the*
12 *loan prior to its contractual end, the principal, the closing costs*
13 *and the interest, which may be substantial, must be repaid.*

14 (b) *A reverse mortgage loan has the following conditions:*

15 (1) *For not less than 6 months of the year, the home must*
16 *be the principal residence of the owner.*

17 (2) *The property taxes must be kept current by the owner.*

18 (3) *The owner must keep the property insured.*

19 (4) *No portion of the property may be rented out, including,*
20 *without limitation, a room or the garage.*

21 (5) *The property must be maintained, including, without*
22 *limitation, the roof, electrical and plumbing systems and fences,*
23 *and be protected from wood-destroying insects and vermin.*

24 (6) *The owner may not materially change the property,*
25 *such as filling in a swimming pool or removing a deck or porch.*

26 (7) *Additional loans may not be made using the property as*
27 *security.*

28 ↳ *Should any of these conditions not be met, the loan may be*
29 *terminated by the lender, requiring the owner to repay the loan or*
30 *forfeit the home to the lender.*

31 2. *The mortgage, deed of trust or other instrument must*
32 *expressly indicate in writing in at least 14-point bold type on the*
33 *front page of the mortgage, deed of trust or other instrument, a*
34 *caption that the home loan is a reverse mortgage and is subject to*
35 *the provisions of subsection 1. The disclosures required by*
36 *subsection 1 must be in writing in a size equal to at least 12-point*
37 *bold type and printed immediately below the foregoing caption.*

38 3. *A printed advertisement or solicitation offering a reverse*
39 *mortgage home loan must expressly include the disclosures*
40 *required by subsection 1. The disclosures must be in writing in*
41 *bold type at least as large as the majority of the text in the*
42 *advertisement or solicitation.*



1 **Sec. 2.** The provisions of this act do not apply to a loan that is
2 entered into before October 1, 2019.

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