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Councilmember Anita Bonds

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Councilmember Elissa Silverman

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Councilmember Brandon T. Todd

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Councilmember Trayon White, Sr.

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Councilmember

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Councilmember

A BILL

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA  
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To establish a program to pay past due property tax and property insurance bills for senior residents facing foreclosure on reverse mortgage debt.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Reverse Mortgage Foreclosure Prevention Act of 2017”.

Sec. 2. Definitions

For the purposes of this act, the term:

(1) “Reverse Mortgage” means a mortgage agreement, also known as a Home Equity Conversion Mortgage, in which a homeowner relinquishes equity in their home in exchange for tax-free payments from the lender until the total principal and interest of the loan reaches the

40 credit limit of equity in the home and the lender is either repaid in full or the homeowner  
41 relinquishes the home to the lender.

42 (2) “Qualified Homeowner” means a District homeowner who is 62 years of age or older,  
43 has an annual household income at or below 80% of the Area Median Income, has executed a  
44 reverse mortgage with a financial institution that has a recorded lien on the subject property, and  
45 who is subject to foreclosure by that financial institution for failing to make annual property tax  
46 and property insurance payments.

47 (3) “Subject Property” means a home in which a qualified homeowner lives and for  
48 which a reverse mortgage has been executed.

49 (4) “At Risk of Foreclosure” means a reverse mortgage lender has notified a qualified  
50 homeowner that the homeowner is in default of the terms of the reverse mortgage and the  
51 foreclosure process has begun.

### 52 Section 3. Reverse Mortgage Foreclosure Prevention Program

53 (a) Within one year of the effective date of this act, the Department of Housing and  
54 Community Development (DHCD) shall establish a program that allows qualified homeowners  
55 to apply for and receive financial assistance for payment of past due property tax and property  
56 insurance debts that have put the qualified homeowner at risk of foreclosure. The financial  
57 assistance shall be made in the form of a zero interest loan made due and payable upon pay-off  
58 of the first lien reverse mortgage loan or relinquishment of the property to the reverse mortgage  
59 lender.

60 (b) DHCD shall establish a standardized application process and requirements for  
61 qualified homeowners in need of the program.

62 (c) DHCD shall record a lien on the subject property in the amount of the financial  
63 assistance provided to the qualified homeowner. The lien shall be subordinate to the reverse  
64 mortgage lender in first position.

65 (d) No qualified homeowner can receive more than \$50,000 in program assistance in a 5  
66 year period.

67 Sec. 4. Fiscal impact statement.

68 The Council adopts the fiscal impact statement in the committee report as the fiscal  
69 impact statement required by section 4a of the General Legislative Procedures Act of 1975,  
70 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

71 Sec. 5. Effective date.

72 This act shall take effect following approval by the Mayor (or in the event of veto by the  
73 Mayor, action by the Council to override the veto), a 30-day period of congressional review as  
74 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December  
75 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)) and publication in the District of  
76 Columbia Register.