
HOUSE BILL No. 1179

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-4.6-5.

Synopsis: Reverse mortgages. Prohibits the acceleration of debt for a reverse mortgage if a borrower: (1) is admitted to a hospital or nursing home; and (2) complies with the material terms of the loan agreement.

Effective: July 1, 2005.

Burton

January 6, 2005, read first time and referred to Committee on Financial Institutions.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

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HOUSE BILL No. 1179



A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 24-4.6-5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2005]:

4 **Chapter 5. Reverse Annuity Mortgage Loans**

5 **Sec. 1. As used in this chapter, "reverse annuity mortgage loan"**
6 **means a mortgage loan that:**

7 (1) **provides periodic payments to the borrower based on the**
8 **accumulated equity in the real estate securing the loan, with**
9 **payments made directly by the lender or through the**
10 **purchase of an annuity from an insurance company; and**

11 (2) **becomes due either:**

12 (A) **on a specified date; or**

13 (B) **on the occurrence of a specified event.**

14 **Sec. 2. As used in this chapter, "short term" means less than**
15 **fifty (50) consecutive days.**

16 **Sec. 3. (a) A loan agreement for a reverse annuity mortgage loan**
17 **may not contain a provision that permits the creditor, in the**



1 creditor's sole discretion, to accelerate the indebtedness under a
2 reverse annuity mortgage loan without material cause.
3 (b) Material cause to accelerate the indebtedness of a reverse
4 annuity mortgage loan under this section:
5 (1) includes a borrower's failure to comply with the material
6 terms of the loan agreement; and
7 (2) does not include the short term admittance of a borrower
8 to a hospital, health facility, or any other treatment facility
9 for inpatient care if the borrower complies with the material
10 terms of the loan agreement.
11 SECTION 2. [EFFECTIVE JULY 1, 2005] IC 24-4.6-5, as added
12 by this act, applies to loan agreements for reverse annuity
13 mortgage loans entered into after June 30, 2005.

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