

given their authority by this act. We've done that in the committee amendments. We've made it clear that other insti...that this bill only applies to small loan companies. Secondly, we have said that an origination fee may be charged for a reverse mortgage but we have capped that at 2 percent of the appraised value at the time the loan is made. Origination fees are common but in this case we wanted to make sure that the origination fee had a cap to it and so we put that in. We also authorized fees for inspection, insurance, appraisals and surveys because affirmative authority has to exist before those fees can be charged. Lastly, we said that nothing in the act will construe to limit the department's authority to examine, audit or inspect reverse mortgage loans for compliance with requirements for loans made by licensees operating under the statute. In other words, reverse mortgages are as auditable, as reviewable, as inspectable as any other action by a small loan company. Those committee amendments, the capping of the origination fee, the listing of the fees, other fees that can be charged, the making clear that this applies to small loan companies and the fact that the department has continued oversight in the area are the part of the committee amendments I would ask the body to adopt. The committee did advance the bill eight to nothing. Thank you.

SENATOR HALL: Thank you, Senator Landis. Senator Pirsch, on the committee amendments.

SENATOR PIRSCH: Just a quick question for Senator Landis, if he will.

SENATOR HALL: Senator Landis.

SENATOR PIRSCH: Senator Landis, the banks are advertising now the equity loan. Is the difference between the equity loan that the person retains title to their property where in reverse mortgage that property goes immediately to the lender?

SENATOR LANDIS: Yes, that's basically it, Senator Pirsch. There isn't a transfer of title in an equity loan. What you're doing there is rather like a secured loan in which the security for the loan is equity in the home itself, but title does not transfer. In a reverse mortgage, it is contemplated that at the end of the whole arrangement the bank will own the house and you will have the value of the loan that you've used while you stayed in the house but used the monthly payments. It's, by the