

2. "Reverse equity mortgage loans" includes loans that use the equity in a home as collateral.

(iii) Any commitment, mortgage or bonds or notes secured shall contain terms and conditions necessary to secure repayment of its loan, the interest thereon and other charges in connection with the loan. Mortgage loans for a community development project or a public purpose project and reverse equity mortgage loans may bear interest at any rate or rates which the Administration determines will make such projects economically feasible, except that the Administration may not increase the rate of interest originally charged on a permanent direct mortgage loan to a family for the purchase of a dwelling unit in a community development project or public purpose project. Subject to the provisions of any contract with noteholders or bondholders, consent to the modification, with respect to rate of interest, time of payments of any installment of principal or interest, security, or any other term, of any mortgage, mortgage loan, reverse equity mortgage loan, mortgage loan commitment, or reverse equity mortgage loan commitment, contract, or agreement of any kind to which the Administration is a party. In connection with any property on which it holds a mortgage loan or reverse equity mortgage loan, the Administration may foreclose on the property or commence any action to protect or enforce any right conferred upon it by any law, mortgage contract or other agreement, and bid for and purchase the property at any foreclosure or at any other sale, or acquire or take possession of the property; and in any event the Administration may complete, administer, pay the principal of and interest on any obligations incurred in connection with the property, dispose of, and otherwise deal with the property, in a manner as may be necessary or desirable to protect the interests of the Administration. Except for liens held in connection with public purpose projects, any lien held by the Administration on property shall be a lien superior to all other liens on the property except liens for taxes owed to the State or any subdivision thereof and earlier mortgage liens. The Administration may sell any mortgage or other obligation held by it, at public or private sale, with or without public bidding. The Administration may purchase securities backed by mortgage loans in order to provide financial assistance, with the proceeds of such mortgage-backed securities or with investment earnings on such securities, to community development projects and public purpose projects.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1999.

Approved April 13, 1999.

CHAPTER 71

(House Bill 139)

AN ACT concerning

Health Insurance - Penalties and Unfair Claims Settlement Practices

FOR the purpose of authorizing the Insurance Commissioner to impose certain