

**Effective 5/12/2015**

**Part 2**  
**Reverse Mortgage Requirements**

**57-28-201 Title.**

This part is known as "Reverse Mortgage Requirements."

Enacted by Chapter 290, 2015 General Session

**57-28-202 Borrower requirements.**

A borrower shall:

- (1) be 62 years of age or older; and
- (2) occupy the dwelling that secures the reverse mortgage as a principal residence.

Enacted by Chapter 290, 2015 General Session

**57-28-203 Disclosures to borrower.**

A lender shall give a prospective borrower or a borrower the following written disclosures:

- (1) at the time the lender provides an application for a reverse mortgage to a prospective borrower:
  - (a) a disclosure that explains any adjustable interest rate feature of the reverse mortgage, including:
    - (i) the circumstances under which the interest rate may increase;
    - (ii) any limitation on the amount that the interest rate may increase; and
    - (iii) the effect of an increase in the interest rate; and
  - (b) a list of at least five independent housing counselors that includes each independent housing counselor's name, address, and telephone number;
- (2) at least 10 days before the day on which a reverse mortgage closes, a disclosure that describes:
  - (a) that the prospective borrower's liability under the reverse mortgage is limited;
  - (b) the prospective borrower's rights, obligations, and remedies that relate to:
    - (i) temporary absences, late payments, and payment default by the lender; and
    - (ii) each condition that requires satisfaction of the reverse mortgage; and
  - (c) the projected total cost of the reverse mortgage to the prospective borrower, based on the projected total future loan balance;
- (3) on an annual basis, on or before January 31 of each year, a statement that summarizes:
  - (a) the total principal amount paid to the borrower under the reverse mortgage;
  - (b) the total amount of deferred interest added to the principal; and
  - (c) the outstanding loan balance at the end of the preceding year; and
- (4) if applicable, at least 25 days before the day on which the lender adjusts the interest rate on a reverse mortgage, a disclosure that states:
  - (a) the current index amount;
  - (b) the publication date of the index; and
  - (c) the new interest rate.

Enacted by Chapter 290, 2015 General Session

**57-28-204 Independent counseling.**

- (1) Before a prospective borrower signs a reverse mortgage application, the prospective borrower shall meet with an independent housing counselor.
- (2) During the meeting described in Subsection (1):
  - (a) the prospective borrower and the independent housing counselor shall discuss the financial impacts of a reverse mortgage, including:
    - (i) options other than a reverse mortgage that are or may become available to the prospective borrower;
    - (ii) other home equity conversion options that are or may become available to the prospective borrower, including sale-leaseback financing, a deferred payment loan, and a property tax deferral; and
    - (iii) the financial implications, specific to the prospective borrower, of entering into a reverse mortgage; and
  - (b) the independent housing counselor shall give the prospective borrower a written disclosure that states that a reverse mortgage may:
    - (i) have tax consequences;
    - (ii) affect the prospective borrower's eligibility for assistance under certain state and federal programs; and
    - (iii) impact the prospective borrower's estate and heirs.

Enacted by Chapter 290, 2015 General Session

**57-28-205 Costs and repayment.**

A lender may collect the following charges and fees in connection with the origination of a reverse mortgage:

- (1) the actual expenses that the lender incurs in originating and closing the reverse mortgage, including a mortgage broker's fee if the mortgage broker and the lender do not share any pecuniary interests; and
- (2) the actual amount that the lender paid for:
  - (a) a recording fee;
  - (b) a credit report;
  - (c) a survey, if required by the lender or the borrower;
  - (d) a title examination;
  - (e) the lender's title insurance; and
  - (f) an initial appraisal of the real property that secures the reverse mortgage.

Enacted by Chapter 290, 2015 General Session

**57-28-206 Disbursement.**

- (1) Subject to Subsection (2) and except as provided in Subsection (3), a lender shall pay the loan proceeds of a reverse mortgage under a term payment option, a tenure payment option, or a line of credit payment option.
- (2) Under a term payment option or a tenure payment option, upon a borrower's request, the lender shall disburse a portion of the loan proceeds under a line of credit payment option.
- (3) If a reverse mortgage is a fixed interest rate loan, the lender may pay the loan proceeds in a lump sum.

Enacted by Chapter 290, 2015 General Session

**57-28-207 Cooling off period -- Closing.**

- (1) After a prospective borrower accepts, in writing, a lender's written commitment to make a reverse mortgage, the lender may not bind the prospective borrower to the reverse mortgage earlier than seven days after the day on which the prospective borrower gives the written acceptance to the lender.
- (2) During the seven-day period described in Subsection (1), the lender may not require the prospective borrower to close or otherwise proceed with the reverse mortgage.
- (3) A prospective borrower may not waive the provisions of this section.

Enacted by Chapter 290, 2015 General Session

**57-28-208 Federally insured reverse mortgages.**

When a lender makes a reverse mortgage that is federally insured by the United States Department of Housing and Urban Development, the lender satisfies the requirements described in Sections 57-28-202 through 57-28-206 if the lender complies with the federal requirements described in 12 U.S.C. Sec. 1715z-20 and 24 C.F.R. Part 206.

Enacted by Chapter 290, 2015 General Session