

183 (3) A prospective borrower may not waive the provisions of this section.

184 Section 10. Section **57-28-208** is enacted to read:

185 **57-28-208. Federally insured reverse mortgages.**

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

190 Section 11. Section **57-28-301** is enacted to read:

191 **Part 3. Reverse Mortgage Proceeds, Priority, Foreclosure, and Lender Default**
 192 **57-28-301. Title.**

193 This part is known as "Reverse Mortgage Proceeds, Priority, Foreclosure, and Lender
 194 Default."

195 Section 12. Section **57-28-302** is enacted to read:

196 **57-28-302. Treatment of loan proceeds -- Effect on assistance eligibility.**

197 For purposes of determining a borrower's eligibility and benefits for a means-tested
 198 program of aid to individuals:

199 (1) a reverse mortgage loan payment made to a borrower shall be treated as proceeds
 200 from a loan and not as income; and

201 (2) undisbursed funds under a reverse mortgage shall be treated as equity in the
 202 borrower's home and not as proceeds from a loan.

203 Section 13. Section **57-28-303** is enacted to read:

204 **57-28-303. Priority.**

205 (1) ~~§→ [The full amount secured by a reverse mortgage has priority over any other liens on~~
 206 ~~the real property that secures the reverse mortgage as of the date of the first disbursement] All~~
 206a ~~amounts secured by a reverse mortgage have the same lien priority as the first disbursement~~
 206b ~~under the reverse mortgage ←§ .~~

207 (2) For purposes of Subsection (1), the amount secured by the reverse mortgage
 208 includes any payment to the borrower from the loan proceeds, regardless of the purpose of the
 209 payment.

210 Section 14. Section **57-28-304** is enacted to read:

211 **57-28-304. Foreclosure.**

212 Before a person initiates foreclosure proceedings on a reverse mortgage, the person
 213 shall: