

Effective 5/12/2015

Part 3
Reverse Mortgage Proceeds, Priority, Foreclosure, and Lender Default

57-28-301 Title.

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

Enacted by Chapter 290, 2015 General Session

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

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

- (1) a reverse mortgage loan payment made to a borrower shall be treated as proceeds from a loan and not as income; and
- (2) undisbursed funds under a reverse mortgage shall be treated as equity in the borrower's home and not as proceeds from a loan.

Enacted by Chapter 290, 2015 General Session

57-28-303 Priority.

- (1) All amounts secured by a reverse mortgage have the same lien priority as the first disbursement under the reverse mortgage.
- (2) For purposes of Subsection (1), the amount secured by the reverse mortgage includes any payment to the borrower from the loan proceeds, regardless of the purpose of the payment.

Enacted by Chapter 290, 2015 General Session

57-28-304 Foreclosure.

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

- (1) send the borrower, by certified mail, return receipt requested, written notice that states the grounds for default and foreclosure; and
- (2) provide the borrower at least 30 days after the day on which the person sends the notice described in Subsection (1) to cure the borrower's default.

Amended by Chapter 305, 2016 General Session

57-28-305 Lender default.

- (1) A lender who fails to make a loan advance on a non-federally insured reverse mortgage in accordance with the reverse mortgage agreement shall forfeit any right to repayment of the outstanding loan balance.
- (2) After a lender forfeits the lender's right to repayment under Subsection (1), the reverse mortgage loan agreement is void.

Enacted by Chapter 290, 2015 General Session