

Effective 5/12/2015

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