

**Effective 5/12/2015**

**Chapter 28**  
**Utah Reverse Mortgage Act**

**Part 1**  
**General Provisions**

**57-28-101 Title.**

- (1) This chapter is known as the "Utah Reverse Mortgage Act."
- (2) This part is known as "General Provisions."

Enacted by Chapter 290, 2015 General Session

**57-28-102 Definitions.**

- (1) "Borrower" means an individual who executes an agreement for a reverse mortgage.
- (2) "Dwelling" means:
  - (a) a one- to four-family residence in which the borrower occupies at least one unit;
  - (b) a condominium project approved by the United States Department of Housing and Urban Development; or
  - (c) a manufactured home built after June 1976.
- (3) "Independent housing counselor" means a person who is listed on the United States Department of Housing and Urban Development's Home Equity Conversion Mortgage Counselor Roster described in 24 C.F.R. Part 206.
- (4) "Lender" means a person who makes a reverse mortgage.
- (5) "Line of credit payment option" means a loan disbursement plan for a reverse mortgage under which the lender pays the loan proceeds to the borrower at times and in amounts determined by the borrower.
- (6) "Means-tested program of aid to individuals" means any law or program that relates to payments, allowances, benefits, or services that are provided on a means-tested basis by the state.
- (7) "Principal residence" means the dwelling:
  - (a) that an individual maintains as the individual's permanent place of abode; and
  - (b) where the individual typically spends the majority of the calendar year.
- (8) "Reverse mortgage" means a nonrecourse loan that:
  - (a) is secured by the borrower's principal residence;
  - (b) provides cash advances to the borrower based on the borrower's equity in the borrower's principal residence; and
  - (c) does not require payment of principal or interest until:
    - (i) each borrower dies;
    - (ii) the borrower's principal residence is transferred;
    - (iii) the dwelling that secures the loan is no longer the borrower's principal residence;
    - (iv)
      - (A) the borrower fails to occupy the property that secures the loan for more than 12 months because of physical or mental illness; and
      - (B) no other borrower maintains the property as a principal residence; or
    - (v) the borrower defaults.

- (9) "Tenure payment option" means a loan disbursement plan for a reverse mortgage under which the lender pays the loan proceeds to the borrower in equal monthly installments for as long as the dwelling that secures the reverse mortgage remains the borrower's principal residence.
- (10) "Term payment option" means a loan disbursement plan for a reverse mortgage under which the lender pays the loan proceeds to the borrower in equal monthly installments for a fixed term that is chosen by the lender.

Enacted by Chapter 290, 2015 General Session

## **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)
  - (a) for a home equity conversion mortgage insured by the Federal Housing Administration under Title 1 of the National Housing Act, 12 U.S.C. Sec. 1715z-20, be 62 years old or older; and
  - (b) for proprietary loans not insured by the Federal Housing Administration, be 55 years old or older; and
- (2) occupy the dwelling that secures the reverse mortgage as a principal residence.

Amended by Chapter 385, 2023 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) As used in this section:
  - (a) "Federally insured loan borrower" means a borrower described in Subsection 57-28-202(1)(a).
  - (b) "Non-federally insured loan borrower" means a borrower described in Subsection 57-28-202(1)(b).
- (2) A prospective borrower shall meet with an independent housing counselor:
  - (a) for a federally-insured loan borrower, before the Federal Housing Administration assigns a case number to the borrower's loan; and
  - (b) for a non-federally insured loan borrower, before the prospective borrower signs a reverse mortgage application.
- (3) During the meeting described in Subsection (2):
  - (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.

Amended by Chapter 385, 2023 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 five days after the day on which the prospective borrower gives the written acceptance to the lender.
- (2) During the five-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.

Amended by Chapter 385, 2023 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

**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.**

- (1) Except as provided in Subsection (2), before a person initiates foreclosure proceedings on a reverse mortgage, the person shall:
  - (a) send the borrower, by certified mail, return receipt requested, written notice that states the grounds for default and foreclosure; and
  - (b) provide the borrower at least 30 days after the day on which the person sends the notice described in Subsection (1)(a) to cure the borrower's default.
- (2) This section does not apply if the borrower is deceased.

Amended by Chapter 385, 2023 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