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| REVERSE MORTGAGE AMENDMENTS   |
|---|
| 2023 GENERAL SESSION  |
| STATE OF UTAH   |
| Chief Sponsor: Walt Brooks  |
| Senate Sponsor: Don L. Ipson  |
| LONG TITLE  |
| General Description:  |
| This bill makes changes to reverse mortgage requirements.   |
| Highlighted Provisions:   |
| This bill:  |
| <ul> <li>amends the age requirement for a reverse mortgage borrower;</li> </ul>                       |
| <ul> <li>amends requirements for a prospective borrower to meet with an independent</li> </ul>        |
| housing counselor;  |
| <ul><li>changes the requirement for a cooling off period from seven days to five days;</li></ul>      |
| <ul> <li>provides that certain prerequisites for initiating foreclosure proceedings do not</li> </ul> |
| apply if the borrower is deceased;  |
| <ul><li>defines terms; and</li></ul>  |
| <ul><li>makes technical and conforming changes.</li></ul>   |
| Money Appropriated in this Bill:  |
| None  |
| Other Special Clauses:  |
| None  |
| <b>Utah Code Sections Affected:</b>   |
| AMENDS:   |
| 57-28-202, as enacted by Laws of Utah 2015, Chapter 290   |
| 57-28-204, as enacted by Laws of Utah 2015, Chapter 290   |
| 57-28-207, as enacted by Laws of Utah 2015, Chapter 290   |

| 9 | 57-28-304, as last amended by Laws of Utah 2016, Chapter 305                                    |
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| 1 | Be it enacted by the Legislature of the state of Utah:  |
| 2 | Section 1. Section 57-28-202 is amended to read:  |
| 3 | 57-28-202. Borrower requirements.   |
| 4 | A borrower shall:   |
| 5 | (1) (a) for a home equity conversion mortgage insured by the Federal Housing                    |
| 6 | Administration under Title 1 of the National Housing Act, 12 U.S.C. Sec. 1715z-20, be 62        |
| 7 | years [of age] old or older; and  |
| 8 | (b) for proprietary loans not insured by the Federal Housing Administration, be 55              |
| 9 | years old or older; and   |
| 0 | (2) occupy the dwelling that secures the reverse mortgage as a principal residence.             |
| 1 | Section 2. Section 57-28-204 is amended to read:  |
| 2 | 57-28-204. Independent counseling.  |
| 3 | (1) As used in this section:  |
| 4 | (a) "Federally insured loan borrower" means a borrower described in Subsection                  |
| 5 | 57-28-202(1)(a).  |
| 6 | (b) "Non-federally insured loan borrower" means a borrower described in Subsection              |
| 7 | <u>57-28-202(1)(b).</u>   |
| 8 | $(2)$ [Before a prospective borrower signs a reverse mortgage application, the] $\underline{A}$ |
| 9 | prospective borrower shall meet with an independent housing counselor[-]:                       |
| 0 | (a) for a federally-insured loan borrower, before the Federal Housing Administration            |
| 1 | assigns a case number to the borrower's loan; and   |
| 2 | (b) for a non-federally insured loan borrower, before the prospective borrower signs a          |
| 3 | reverse mortgage application.   |
| 4 | [(2)] (3) During the meeting described in Subsection $[(1)]$ (2):                               |
| 5 | (a) the prospective borrower and the independent housing counselor shall discuss the            |

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| 56 | financial impacts of a reverse mortgage, including:   |
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| 57 | (i) options other than a reverse mortgage that are or may become available to the             |
| 58 | prospective borrower;   |
| 59 | (ii) other home equity conversion options that are or may become available to the             |
| 60 | prospective borrower, including sale-leaseback financing, a deferred payment loan, and a      |
| 61 | property tax deferral; and  |
| 62 | (iii) the financial implications, specific to the prospective borrower, of entering into a    |
| 63 | reverse mortgage; and   |
| 64 | (b) the independent housing counselor shall give the prospective borrower a written           |
| 65 | disclosure that states that a reverse mortgage may:   |
| 66 | (i) have tax consequences;  |
| 67 | (ii) affect the prospective borrower's eligibility for assistance under certain state and     |
| 68 | federal programs; and   |
| 69 | (iii) impact the prospective borrower's estate and heirs.                                     |
| 70 | Section 3. Section <b>57-28-207</b> is amended to read:                                       |
| 71 | 57-28-207. Cooling off period Closing.  |
| 72 | (1) After a prospective borrower accepts, in writing, a lender's written commitment to        |
| 73 | make a reverse mortgage, the lender may not bind the prospective borrower to the reverse      |
| 74 | mortgage earlier than [seven] five days after the day on which the prospective borrower gives |
| 75 | the written acceptance to the lender.   |
| 76 | (2) During the [seven-day] five-day period described in Subsection (1), the lender may        |
| 77 | not require the prospective borrower to close or otherwise proceed with the reverse mortgage. |
| 78 | (3) A prospective borrower may not waive the provisions of this section.                      |
| 79 | Section 4. Section <b>57-28-304</b> is amended to read:                                       |
| 80 | 57-28-304. Foreclosure.   |

(1) [Before] Except as provided in Subsection (2), before a person initiates foreclosure

proceedings on a reverse mortgage, the person shall:

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| 83 | [(1)] (a) send the borrower, by certified mail, return receipt requested, written notice  |
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| 84 | that states the grounds for default and foreclosure; and                                  |
| 85 | [(2)] (b) provide the borrower at least 30 days after the day on which the person sends   |
| 86 | the notice described in Subsection $[\frac{1}{2}]$ (1)(a) to cure the borrower's default. |
| 87 | (2) This section does not apply if the borrower is deceased.                              |