

Representative Walt Brooks proposes the following substitute bill:

REVERSE MORTGAGE AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Walt Brooks

Senate Sponsor: _____

LONG TITLE

General Description:

This bill makes changes to reverse mortgage requirements.

Highlighted Provisions:

This bill:

- ▶ eliminates the age requirement for a reverse mortgage borrower;
- ▶ changes the deadline for a prospective borrower to meet with an independent housing counselor from before signing a reverse mortgage application to before closing on a reverse mortgage;
- ▶ eliminates the requirement for a seven-day cooling off period;
- ▶ provides that certain prerequisites for initiating foreclosure proceedings do not apply if the borrower is deceased; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:



26 **57-28-202**, as enacted by Laws of Utah 2015, Chapter 290
27 **57-28-204**, as enacted by Laws of Utah 2015, Chapter 290
28 **57-28-304**, as last amended by Laws of Utah 2016, Chapter 305

29 REPEALS:

30 **57-28-207**, as enacted by Laws of Utah 2015, Chapter 290

31

32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **57-28-202** is amended to read:

34 **57-28-202. Borrower requirements.**

35 A borrower shall[:]

36 [~~(1) be 62 years of age or older; and~~]

37 [(2)] occupy the dwelling that secures the reverse mortgage as a principal residence.

38 Section 2. Section **57-28-204** is amended to read:

39 **57-28-204. Independent counseling.**

40 (1) Before a prospective borrower [~~signs~~] closes on a reverse mortgage [~~application~~],
41 the prospective borrower shall meet with an independent housing counselor.

42 (2) During the meeting described in Subsection (1):

43 (a) the prospective borrower and the independent housing counselor shall discuss the
44 financial impacts of a reverse mortgage, including:

45 (i) options other than a reverse mortgage that are or may become available to the
46 prospective borrower;

47 (ii) other home equity conversion options that are or may become available to the
48 prospective borrower, including sale-leaseback financing, a deferred payment loan, and a
49 property tax deferral; and

50 (iii) the financial implications, specific to the prospective borrower, of entering into a
51 reverse mortgage; and

52 (b) the independent housing counselor shall give the prospective borrower a written
53 disclosure that states that a reverse mortgage may:

54 (i) have tax consequences;

55 (ii) affect the prospective borrower's eligibility for assistance under certain state and
56 federal programs; and

57 (iii) impact the prospective borrower's estate and heirs.

58 Section 3. Section **57-28-304** is amended to read:

59 **57-28-304. Foreclosure.**

60 (1) [~~Before~~] Except as provided in Subsection (2), before a person initiates foreclosure
61 proceedings on a reverse mortgage, the person shall:

62 [~~(1)~~] (a) send the borrower, by certified mail, return receipt requested, written notice
63 that states the grounds for default and foreclosure; and

64 [~~(2)~~] (b) provide the borrower at least 30 days after the day on which the person sends
65 the notice described in Subsection [~~(1)~~] (1)(a) to cure the borrower's default.

66 (2) This section does not apply if the borrower is deceased.

67 Section 4. **Repealer.**

68 This bill repeals:

69 Section **57-28-207, Cooling off period -- Closing.**