

HB0094S02 compared with HB0094

~~{deleted text}~~ shows text that was in HB0094 but was deleted in HB0094S02.

inserted text shows text that was not in HB0094 but was inserted into HB0094S02.

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Senator Wayne A. Harper proposes the following substitute bill:

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:

- ▶ ~~{eliminates}~~ amends the age requirement for a reverse mortgage borrower;
- ▶ ~~{changes the deadline}~~ amends requirements 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; and~~
~~eliminates}~~;
- ▶ changes the requirement for a ~~{seven-day}~~ cooling off period from seven days to five days;
- ▶ provides that certain prerequisites for initiating foreclosure proceedings do not

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apply if the borrower is deceased;

▶ defines terms; and

▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

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

~~REPEALS:~~

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

57-28-304, as last amended by Laws of Utah 2016, Chapter 305

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

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

57-28-202. Borrower requirements.

A borrower shall ~~{(1) be 62 years of age or older; and (2)}~~

(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 ~~[of age]~~ 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.

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

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 Subection

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57-28-202(1)(b).

~~{1}~~ 2. ~~Before a prospective borrower { } signs { } closes on~~ a reverse mortgage ~~{ } application { }~~, the 1A prospective borrower shall meet with an independent housing counselor ~~†~~.

~~(2) †~~ 1:

(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.

~~{2}~~ 3 During the meeting described in Subsection ~~{1}~~ 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.

Section 3. Section {Repealer} 57-28-207†

~~This bill repeals†~~ is amended to read:

~~{Section } 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 [seven] five days after the day on which the prospective borrower gives

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the written acceptance to the lender.

(2) During the ~~[seven-day]~~ 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.

Section 4. Section 57-28-304 is amended to read:

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:

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

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

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