

**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

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**LONG TITLE**

**General Description:**

This bill makes changes to reverse mortgage requirements.

**Highlighted Provisions:**

This bill:

- ▶ amends the age requirement for a reverse mortgage borrower;
- ▶ amends requirements for a prospective borrower to meet with an independent housing counselor;
- ▶ changes the requirement for a cooling off period from seven days to five days;
- ▶ provides that certain prerequisites for initiating foreclosure proceedings do not 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:



- 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 [57-28-207](#), as enacted by Laws of Utah 2015, Chapter 290
- 29 [57-28-304](#), as last amended by Laws of Utah 2016, Chapter 305

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

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

33 **57-28-202. Borrower requirements.**

34 A borrower shall:

35 (1) (a) for a home equity conversion mortgage insured by the Federal Housing  
36 Administration under Title 1 of the National Housing Act, 12 U.S.C. Sec. 1715z-20, be 62  
37 years [of age] old or older; and

38 (b) for proprietary loans not insured by the Federal Housing Administration, be 55  
39 years old or older; and

40 (2) occupy the dwelling that secures the reverse mortgage as a principal residence.

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

42 **57-28-204. Independent counseling.**

43 (1) As used in this section:

44 (a) "Federally insured loan borrower" means a borrower described in Subsection  
45 [57-28-202\(1\)\(a\)](#).

46 (b) "Non-federally insured loan borrower" means a borrower described in Subection  
47 [57-28-202\(1\)\(b\)](#).

48 (2) [Before a prospective borrower signs a reverse mortgage application, the] A  
49 prospective borrower shall meet with an independent housing counselor[-]:

50 (a) for a federally-insured loan borrower, before the Federal Housing Administration  
51 assigns a case number to the borrower's loan; and

52 (b) for a non-federally insured loan borrower, before the prospective borrower signs a  
53 reverse mortgage application.

54 ~~[(2)]~~ (3) During the meeting described in Subsection ~~[(1)]~~ (2):

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

- 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 **57-28-207** 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 **57-28-304** is amended to read:

80 **57-28-304. Foreclosure.**

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

83 ~~[(1)]~~ (a) send the borrower, by certified mail, return receipt requested, written notice  
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 ~~[(1)]~~ (1)(a) to cure the borrower's default.

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