

By: Miles

S.B. No. 362

A BILL TO BE ENTITLED

AN ACT

relating to the satisfaction of a reverse mortgage loan after the death of the last surviving borrower.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle B, Title 4, Finance Code, is amended by adding Chapter 343A to read as follows:

CHAPTER 343A. REVERSE MORTGAGE LOANS

Sec. 343A.001. DEFINITION. In this chapter, "immediate family member" means a person who is within the first degree of consanguinity or affinity, as determined under Chapter 573, Government Code.

Sec. 343A.002. SATISFACTION OF REVERSE MORTGAGE LOAN AFTER DEATH OF LAST SURVIVING BORROWER. (a) This section applies only to an heir who is an immediate family member of a borrower.

(b) After the death of the last surviving borrower of a reverse mortgage loan secured by the borrower's residence, the lender shall allow an heir who inherits the residence not less than six months after the date of the death of the borrower to satisfy the loan before beginning the foreclosure process on the residence.

SECTION 2. To the extent of a conflict between Chapter 343A, Finance Code, as added by this Act, and a provision of a reverse mortgage loan agreement entered into before the effective date of this Act, the provision of the reverse mortgage loan agreement prevails.

1 SECTION 3. This Act takes effect September 1, 2021.