

1 H.599

2 Introduced by Representatives Zagar of Barnard, Bartholomew of Hartland,
3 Buxton of Tunbridge, Clarkson of Woodstock, Connor of
4 Fairfield, Conquest of Newbury, Copeland-Hanzas of Bradford,
5 Ellis of Waterbury, Gage of Rutland City, Kitzmiller of
6 Montpelier, Klein of East Montpelier, Martin of Springfield,
7 Masland of Thetford, Michelsen of Hardwick, Nuovo of
8 Middlebury, Partridge of Windham, Peltz of Woodbury, Sharpe
9 of Bristol, Stevens of Shoreham, Sweaney of Windsor, Toleno
10 of Brattleboro, Wizowaty of Burlington, Woodward of Johnson,
11 and Young of Glover

12 Referred to Committee on

13 Date:

14 Subject: Banking; reverse mortgage loans; surviving spouse

15 Statement of purpose of bill as introduced: This bill proposes, in the case of a
16 reverse mortgage loan to a borrower who dies leaving a surviving spouse who
17 was not a co-borrower, to permit the surviving spouse to avoid foreclosure and
18 retain possession of the residential property until the property is sold or the
19 surviving spouse dies, defaults, or stops using the property as a principal
20 residence.

1 An act relating to permitting a surviving spouse to retain possession of
2 residential property subject to a reverse mortgage loan

3 It is hereby enacted by the General Assembly of the State of Vermont:

4 Sec. 1. 8 V.S.A. § 10705 is added to read:

5 § 10705. SURVIVING SPOUSE; RIGHT TO MAINTAIN POSSESSION

6 If a reverse mortgage loan borrower dies leaving a surviving spouse who
7 resides in the property secured by the mortgage but who is not named in the
8 mortgage as a co-borrower, the financial institution shall permit the surviving
9 spouse to continue to reside in the property until:

10 (1) the property is sold; or

11 (2) the surviving spouse dies, defaults, or stops using the property as a
12 principal residence.

13 Sec. 2. EFFECTIVE DATE

14 This act shall take effect on passage.