

1993 Assembly Bill 615

Date of enactment: **November 24, 1993**

Date of publication*: **December 8, 1993**

1993 WISCONSIN ACT 88

AN ACT *to create* 138.056 (8) (am) and 138.058 of the statutes, **relating to:** reverse mortgage loans.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 138.056 (8) (am) of the statutes is created to read:

138.056 (8) (am) This section does not apply to a reverse mortgage loan, as defined in s. 138.058 (1) (b).

SECTION 2. 138.058 of the statutes is created to read:

138.058 Reverse mortgage loans. (1) DEFINITIONS.

In this section:

(a) "Qualified lender" means a lender approved by the federal department of housing and urban development to enter into a loan insured by the federal government under 12 USC 1715z-20.

(b) "Reverse mortgage loan" means a loan, or an agreement to lend, which is secured by a first mortgage on the borrower's principal residence, is insured by the federal government under 12 USC 1715z-20 and requires repayment as specified in the loan agreement under any of the following conditions:

1. All the borrowers have died.
2. All the borrowers have sold the residence or conveyed title to the residence.

3. All the borrowers have moved permanently from the residence.

4. Any other condition specified in 12 USC 1715z-20.

(2) REVERSE MORTGAGES PERMITTED. A qualified lender may enter into reverse mortgage loans.

(3) TREATMENT OF REVERSE MORTGAGE LOAN PROCEEDS BY PUBLIC BENEFIT PROGRAMS. (a) Reverse mortgage loan payments made to a borrower shall be treated as proceeds from a loan and not as income for the purpose of determining eligibility and benefits under means-tested programs of aid to individuals.

(b) Undisbursed funds shall be treated as equity in a borrower's residence and not as proceeds from a loan for the purpose of determining eligibility and benefits under means-tested programs of aid to individuals.

(c) This subsection applies to any law relating to payments, allowances, benefits or services provided on a means-tested basis by this state, including supplemental security income, low-income energy assistance, property tax deferral, medical assistance and general assistance.