

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H. F. 727  
**Version:** As amended by H727A1  
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**Subject:** Homeowners' protection  
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### Overview

The section numbers used in this summary are those resulting from the H727A1 amendment. The amendment deletes what were sections 1, 2, and 4 of the bill as introduced. What was section 3, dealing with private mortgage insurance, is replaced by a new section on that subject.

- 1 Private mortgage insurance.** This section and the repealer section have the effect of replacing our current law regarding right to terminate private mortgage insurance with the federal law that goes into effect July 29, 1999. Provides borrowers who obtained, or who will obtain, residential mortgage loans before July 29, 1999, the same right to have private mortgage insurance terminated as is provided under federal law for loans made on or after that date. This right under federal law would replace their rights under current Minnesota law, which is repealed in this bill. Requires lenders to provide to those borrowers a notice required under federal law. Federal law requires that notice only for loans made on or after July 29, 1999. The end result is that, as of July 29, 1999, all Minnesota borrowers, regardless of when they got their mortgage loan, will be covered by the new federal law that goes into effect that day. The federal law itself applies only to loans made on or after that date.
- 2 Amounts.** Reduces the licensing fees specified in 1998 legislation requiring state licensing of mortgage originators and servicers. The licensing requirement goes into effect August 1, 1999.
- 3 Repealer.** Repeals the current law governing private mortgage insurance. Repeals the net worth requirement for mortgage servicers and originators, enacted in 1998.
- 4 Effective dates.** Makes the private mortgage insurance changes effective July 29, 1999. Makes section 2 and the repeal of the net worth requirement effective immediately.