

HOUSE RESEARCH

Bill Summary

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Subject: Mortgage foreclosure notice requirements and limits on “dual tracking”

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Overview

This bill adds a notice requirement indicating specific relief available for members of the armed services. It requires the foreclosure advice notice required in 580.041 subdivision 1b, to now provide a single point of contact with the lender, giving more specific information about whom to contact and what assistance that person must be able to provide. It prohibits dual tracking, which prevents the lender from beginning or continuing a mortgage foreclosure for 60 days while working with the borrower on a request for a modification of the mortgage. It also creates a cause of action if the borrower has damages incurred due to the mortgage lender’s dual tracking. This bill also requires that the mortgage lender participate in mandatory mediation and pay the cost of mediation if it is requested by the borrower.

Section

- 1 Notice on Rights of Servicemembers.** Requires the mortgage lender to send a statement to the borrower providing notice that if a borrower is a services member or the dependent of a service member, they may be entitled to protection under the federal Servicemembers Civil Relief Act including services member’s interest rate and counseling that is available to them.
- 2 Single Point of Contact.** Adds a provision to the required foreclosure advice notice that the lender provide the following specific information to the borrower on the notice: an employee or department of the lender who is authorized to perform specific relevant responsibilities and is familiar with the borrower’s situation and can provide that borrower with accurate information and who can coordinate all the documents associated with the borrower’s foreclosure prevention alternatives.

Section

- 3 Foreclosure Advice Notice.** Amends the current advice notice sent to borrowers to include not only the lender's name but also the name of an employee or department who will be a single point of contact for that homeowner and the phone number for that particular employee or department.
- 4 Dual Tracking.** Adds a section to the chapter to prohibit "dual tracking" by requiring a mortgage lender to defer beginning or stop the process of a foreclosure for 60 days, or until the lender and borrower have agreed to enter a loan modification, if a borrower has requested a loan modification. The lender does not have to consider the loan modification request if one was already received, considered, accepted, or denied in the preceding 12 months or the loan modification request was not completed with all of the information required by the lender to determine eligibility. This section also creates a cause of action for a borrower who incurs a loss and damages as a result of dual tracking by the lender, and includes reasonable attorney's fees for the borrower.
- 5 Mandatory Mediation.** Adds a requirement that mortgage lenders must participate in good faith and pay the cost of mandatory mediation if it is requested by the borrower and requires the borrower to receive foreclosure prevention counseling prior to the mediation.