

FILE NUMBER: H.F. 1377
Version: As introduced

DATE: March 11, 2013

Authors: Hortman

Subject: Required action prior to a foreclosure

Analyst: Mary Mullen

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

This bill requires compliance with any state or federal regulation prior to beginning a foreclosure under Minnesota law and changes notice requirements.

Section

1 Requisites for foreclosure.

Subd. 1. Definitions. Creates definitions that apply to the requisites for foreclosure statutes, including:

- “loss mitigation obligation” which is any action required to be taken by a mortgage servicer, lender, mortgagee, note owner, note holder, or any other person to review and consider the requests by the homeowner for a loan modification or other relief that will allow the homeowner to retain ownership of the home.
- “required action” which includes any applicable statute or rule and any regulation that applies under state or federal law.

Subd. 2. General applicable requisites. Adds to the requirements to foreclose under Minnesota law by including that the party that is foreclosing may not publish or serve a notice of sale until the party has complied with all federal and state regulations, rules, and publications. Specifically this requires that the mortgagee or service have complied with the terms of the National Mortgage Settlement, if applicable, and the Real Estate Settlement Procedures Act and the new mortgage servicing rules that go into effect January 10, 2014, that increase protections for borrowers.

Section

- 2** **Form and delivery of foreclosure advice notice.** Requires that the foreclosure advice notice be mailed with subsequent mailings by the foreclosing party up to the point of the foreclosure sale. Removes the option to send the notice every 60 days, instead of with every mailing.
- 3** **Form and delivery of notice redemption rights.** Requires that the notice of redemption rights required to be sent to the homeowner be sent with each subsequent written communication regarding the foreclosure until the period to redeem the home has expired.
- 4** **Content of notice of redemption rights.** Updates the Web site address for the United State Department of Housing and Urban Development in the notice.
- 5** **Effective date.** Sections 1 to 3 are effective for foreclosures commenced on or after August 1, 2013, and section 4 is effective the day following final enactment.