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State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2819

03/12/2012 Authored by Clark, Loeffler, Hilstrom, Champion, Allen and others The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to real estate; requiring transparency in mortgage loan modification
1.3 criteria; amending Minnesota Statutes 2011 Supplement, section 580.041,
1.4 subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 47.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. [47.221] TRANSPARENCY IN LOAN MODIFICATION CRITERIA.

1.7 A state-chartered bank shall provide to all of its residential mortgage loan customers
1.8 in writing, the criteria the bank uses in determining eligibility for a loan modification. The
1.9 bank shall provide the criteria at least once per year, within 30 days after each change in
1.10 the criteria, and upon request. If the bank denies an application for a loan modification,
1.11 the bank shall notify the customer in writing within five days of the decision and provide
1.12 an explanation of how the customer failed to meet the criteria. The bank must provide
1.13 the customer with accurate information about the lender.

1.14 Sec. 2. Minnesota Statutes 2011 Supplement, section 580.041, subdivision 2, is
1.15 amended to read:

1.16 Subd. 2. Content of foreclosure advice notice. The foreclosure advice notice
1.17 required by this section must appear substantially as follows:

1.18 "Help For Homeowners in Foreclosure

1.19 The attorney preparing this foreclosure is:
1.20 (Attorney name, address, phone)

1.21 It is being prepared for:
1.22
1.23 (Lender name, loss mitigation phone number)

2.1 AS OF [insert date], this lender says that you owe \$[insert dollar amount] to bring
2.2 your mortgage up to date (or "reinstate" your mortgage). You must pay this amount,
2.3 plus interest and other costs, to keep your house from going through a sheriff's sale.
2.4 The sheriff's sale is scheduled for [insert date] at [insert time] at [insert place].

2.5 Mortgage foreclosure is a complex process. People may contact you with advice and
2.6 offers to help "save" your home.

2.7 **Remember:** It is important that you learn as much as you can about foreclosure and
2.8 your situation. Find out about all your options before you make any agreements with
2.9 anyone about the foreclosure of your home.

2.10 **Getting Help**

2.11 As soon as possible, you should contact your lender at the above number to talk
2.12 about things you might be able to do to prevent foreclosure. You may be eligible for
2.13 a loan modification from your lender. You have the right to ask your lender for a
2.14 statement in writing describing how the lender decides whether to agree to modify a
2.15 loan. You should also consider contacting the foreclosure prevention counselor in
2.16 your area. A foreclosure prevention counselor can answer your questions, offer free
2.17 advice, and help you create a plan which makes sense for your situation.

2.18 Contact the Minnesota Home Ownership Center at 651-659-9336 or 866-462-6466
2.19 or www.hocmn.org or contact the United States Department of Housing and Urban
2.20 Development at 1-800-569-4287 or www.hud.gov to get the phone number and
2.21 location of the nearest certified counseling organization. Call today. The longer you
2.22 wait, the fewer options you may have for a desirable result."