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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2825

03/13/2012 Authored by Hortman; Clark; Moran; Murphy, E.; Nelson 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 financial institutions; requiring banks chartered under the laws of  
1.3 this state to provide relief for certain home mortgage loan customers whose  
1.4 loan balance exceeds the value of their homes; providing a consequence for  
1.5 noncompliance by the bank; proposing coding for new law in Minnesota  
1.6 Statutes, chapter 47.

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

1.8 Section 1. **[47.22] REFINANCING OPPORTUNITY REQUIRED; CERTAIN**  
1.9 **HOME MORTGAGE LOAN BORROWERS.**

1.10 Subdivision 1. **Qualifications.** This section applies to:

1.11 (1) a bank chartered in this state; and

1.12 (2) a home mortgage loan customer of the bank whose mortgage loan:

1.13 (i) was originated prior to January 1, 2009;

1.14 (ii) is current on payments;

1.15 (iii) had not been delinquent at any time within the preceding 12 months;

1.16 (iv) has a current interest rate of 5.25 percent or higher; and

1.17 (v) has a loan-to-value ratio in excess of 100 percent.

1.18 Subd. 2. **Opportunity to refinance.** A bank described in subdivision 1, clause (1),  
1.19 must offer to an existing home mortgage loan customer described in subdivision 1, clause  
1.20 (2), an opportunity to refinance the loan at a lower interest rate. The offer must not be  
1.21 conditional upon the customer's payment of fees to the bank that exceed the cost actually  
1.22 and reasonably incurred in connection with the refinancing. The offer to refinance must  
1.23 be made no later than 60 days after the date of enactment of this section. The offer must  
1.24 remain available for acceptance by the borrower for at least 60 days after the date the  
1.25 offer is communicated.

2.1            Subd. 3. **Consequence of noncompliance by the bank.** If the bank does not comply  
2.2 with subdivision 2, and the bank begins foreclosure of the mortgage, the redemption  
2.3 period is 12 months, notwithstanding a shorter period specified in section 580.23.

2.4            **EFFECTIVE DATE.** This section is effective the day following final enactment.