

**325F.691 UNREASONABLE DELAY IN MORTGAGE LOAN CLOSING.**

Subdivision 1. **Prohibited conduct.** (a) A lender, as defined in section 47.206, who causes unreasonable delay in processing a loan application beyond the expiration date of an interest rate or discount point agreement is liable to the borrower for a penalty in an amount not to exceed the borrower's actual out-of-pocket damages, including the present value of the increased interest costs over the normal life of the loan, or specific performance of the agreement. This paragraph applies to an agreement entered into after July 1, 2004.

(b) For purposes of this section, evidence of unreasonable delay includes, but is not limited to:

(1) failure of the lender to return telephone calls or otherwise respond to the borrower's inquiries concerning the status of the loan;

(2) the addition by the lender of new requirements for processing or approving the loan that were not disclosed to the borrower under section 47.206, subdivision 2, clause (3), unless the requirements result from governmental agency or secondary mortgage market changes, other than changes in interest rates, that occur after the date of the agreement; or

(3) failure by the lender to take actions necessary to process or approve the loan within a reasonable period of time, if the borrower provided information requested by the lender in a timely manner.

Subd. 2. **Additional penalty.** In addition to the remedies in subdivision 1 of this section, a lender is liable to the borrower for \$500 for each unreasonable delay in processing a loan application which causes an interest rate or discount point agreement to expire before closing.

**History:** 2004 c 203 art 1 s 4