

HOUSE RESEARCH

Bill Summary

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Overview

This bill makes various changes to the laws governing manufactured home repossessions and establishes some loan protections similar to those enacted in 2007 for other types of home loans.

Section

- 1 Various Fees and Charges.** Provides that a manufactured home lender making or modifying a manufactured home loan to a borrower in Minnesota must not include a fee of more than five percent of the loan amount in the loan principal. A definition is provided for “lender fee” and “loan amount.”

This section also prohibits prepayment penalties from being attached by a manufactured home lender or broker onto a subprime loan.
- 2 Notice of Default.** Provides timing and content requirements for both a first and second notice of default under the terms of a security agreement using a manufactured home as collateral. A first notice must be served at least 180 days prior to a secured party’s seeking of a court order. A second notice must be served at least 120 days prior to a secured party’s seeking of a court order.
- 3 Court Order.** Confirms the language in statute to the new timelines for a notice of default under section 2 of the bill. An application for an order must be accompanied by the notices required under section 2 of the bill and an affidavit of service stating that the notices were properly served.
- 4 Cure of Default.** Confirms the cure of default provisions to the new timelines for a notice

Section

of default under section 2 of the bill.

- 5-17** **Definitions.** Sections 5-17 of the bill establish new definitions in the chapter of statute relating to the sale of manufactured homes.
- 18** **Duty of Agency.** Specifies that a person acting as a broker is considered to have created an agency relationship with the borrower in all cases related to a manufactured home loan, and establishes duties on the broker. This section does not prohibit a broker from charging a reasonable fee, provided that the fee is disclosed to the borrower in advance. This section also does not require a broker to obtain a loan containing terms not otherwise available to the broker in the broker's usual course of business, or require the broker to obtain a loan from a lender with which the broker does not have a business relationship.
- 19** **Manufactured Home Lenders.** Provides 22 standards of conduct for manufactured home lenders. Paragraph (b) of this section exempts certain types of financial institutions from the provided requirements.
- 20** **Remedies and Enforcement.** Expands the available remedies to provide that a borrower injured by a violation of standards, duties, prohibitions, or other requirements of the specified sections of law (including the new sections 18 and 19 of this bill) may bring a private action and be awarded damages, costs, and attorney's fees.

This section also specifies that a private right of action brought by a borrower is in the public interest. In effect, this permits a borrower to bring a suit under section 8.31, the Minnesota private attorney general statute, which is interpreted to require a "public benefit" on suits brought under that section of law.

The remedies provided in this section are cumulative.