

**Subject** Reverse mortgage loan servicer notification requirements

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## Overview

This bill requires lenders and servicers of a reverse mortgage loan to notify borrowers that they can identify an additional person to receive communications regarding loan defaults. It also requires the loan servicer to send communications to the borrower's independent loan counseling agency.

## Summary

Section	Description
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1	<b>Definitions.</b>
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Provides definitions for third-party designee, reverse mortgage loan servicer, and servicing activities.

**Effective date.** This section is effective August 1, 2020, and applies to reverse mortgage loans originated on or after that date.

2	<b>Communication with third-party designee.</b>
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(a) Requires a reverse mortgage loan servicer to send communications regarding delinquencies, defaults, and unfulfilled obligations under the loan agreement to a third-party designee, if the borrower has chosen one.

(b) Allows a servicer to mail the communications to a third-party designee concurrently with those sent to the borrower or email the third-party designee if the borrower fails to respond to the initial mailed communication.

(c) Allows a servicer to communicate with a third-party designee via telephone, if a telephone number was provided for them by the borrower.

(d) Provides that compliance with this subdivision can be established by recording an affidavit stating that the requirements of paragraph (a) have been met. Provides that the affidavit is prima facie evidence of the facts stated in the affidavit and the recordation is prima facie evidence of compliance with this subdivision.

Section	Description
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(e) Provides a borrower with a cause of action under section 582.043, subdivision 7, if a servicer does not comply with paragraph (a), if the action is taken before the redemption period expires. Provides a rebuttable presumption that the servicer failed to communicate with a third-party designee if the affidavit described in paragraph (d) was not recorded.

**Effective date.** This section is effective August 1, 2020, for reverse mortgage loans originated on or after that date.

**3 Communication with independent counseling agency.**

(a) Requires a reverse mortgage loan servicer to send communications regarding delinquencies, defaults, and unfulfilled obligations under the loan agreement to the independent counseling agency identified in the loan agreement.

(b) Allows the servicer to mail the communications to the independent counseling agency at the same time they are sent to the borrower and third-party designee.

**Effective date.** This section is effective August 1, 2020, for reverse mortgage loans originated on or after that date.

**4 Counseling; requirement; penalty.**

Requires an independent counseling agency to disclose the borrower's right to designate a third-party designee prior to executing the loan agreement. Provides a form to receive authorization to send communications to a third-party designee.

**Effective date.** This section is effective August 1, 2020, for reverse mortgage loans originated on or after that date.



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