

## S.F. No. 531 – Reverse Mortgage Loan Servicer Notification Requirements

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**Section 1. Definitions.** Provides definitions for “third-party designee,” “reverse mortgage loan servicer,” and “servicing.”

**Section 2. Communication with third-party designee.** Requires a reverse mortgage loan servicer to send communications regarding delinquencies, defaults, and unfulfilled obligations to a third-party designee, if the borrower has chosen one. 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. Compliance with this subdivision can be established by recording an affidavit stating that the requirements of paragraph (a) have been taken. 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.

**Section 3. Communication with independent counseling agency.** Requires a reverse mortgage loan servicer to send communications regarding delinquencies, defaults, and unfulfilled obligations to the independent counseling agency identified in the loan agreement. 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.

**Section 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 provide authorization to send communications to a third-party designee and independent counseling agent.

The bill is effective August 1, 2021, for reverse mortgage loans originated on or after that date.