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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2818

03/12/2012 Authored by Davnie, Clark, Wagenius, Hilstrom, Hornstein 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 real estate; requiring lender response to short sale requests; specifying
1.3 consequences of nonresponse; proposing coding for new law in Minnesota
1.4 Statutes, chapter 47.

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

1.6 Section 1. **[47.222] RESPONSE TO SHORT SALE REQUESTS.**

1.7 Subdivision 1. **Short sale defined.** For purposes of this section, "short sale" means a
1.8 sale by a homeowner of the homeowner's mortgaged home to a buyer for a price that is
1.9 less than the amount owed on the mortgage loan.

1.10 Subd. 2. **Prompt response by lender.** If a homeowner requests approval of the
1.11 lender for a short sale of property on which the lender holds a mortgage, the lender must
1.12 respond in writing to the request, either accepting it, denying it, or accepting it subject to
1.13 conditions, within 30 days after receiving the request. The response by the lender must
1.14 state the reason or reasons for a denial or for an acceptance subject to conditions.

1.15 Subd. 3. **Effect of failure to respond by lender.** If the lender fails to respond
1.16 in compliance with subdivision 2, the homeowner becomes entitled to a redemption
1.17 period of 12 months and the loss of any right the lender might otherwise have to obtain
1.18 a deficiency judgment in the event of a future foreclosure of the loan. This subdivision
1.19 applies notwithstanding anything to the contrary in section 580.23.