

2013 Session Update: Housing and Foreclosure

Presentation to Committee of the Whole
February 7, 2013

Governor's Budget

- MHFA = \$13.0M increase (one time)
 - \$10.0M = Challenge Fund
 - \$2.0M = Rental Subsidy for Highly Mobile Students
 - \$1.0M = Re-entry Rental Assistance
- DHS = \$0 increase
- Bonding = TBD

Homes For All Request: \$25.0M Minnesota Housing

- Family Homelessness Prevention Assistance Fund (FHPAP) = \$2.5M↑
- Challenge Fund = \$9.0M (restored), \$5.0M↑
- Housing Trust Fund = \$2.0M (restored), \$2.5M↑
- Preservation (PARIF) = Federal funding reallocation
- Rental Rehab Loans = \$3.0M (restored)
- Rental Rehab Loans – Single Family = Federal funding reallocation
- Homebuyer Education (HECAT) = \$250,000 (restored)
- Capacity Building = \$250,000 (restored), \$250,000↑
- Homeowner Assistance Fund = \$250,000 (restored)

Homes For All Request: \$25.0M DHS

- Long-Term Homeless Supportive Services Fund = \$10.0M↑
- Transitional Housing = \$6.0M↑
- Emergency Services = \$1.0M↑
- Homeless Youth Act = \$8.0M

Request v. Gov. Budget

Homes For All

- MHFA = \$25.0M increase
- DHS = \$25.0M increase
- Bonding = \$50.0

Gov. Budget

- MHFA = \$13.0 increase (one-time)
 - \$10.0M = Challenge Fund
 - \$2.0M = Highly Mobile Students
 - \$1.0M = Re-entry rental assistance
- DHS = \$0 increase
- Bonding = TBD

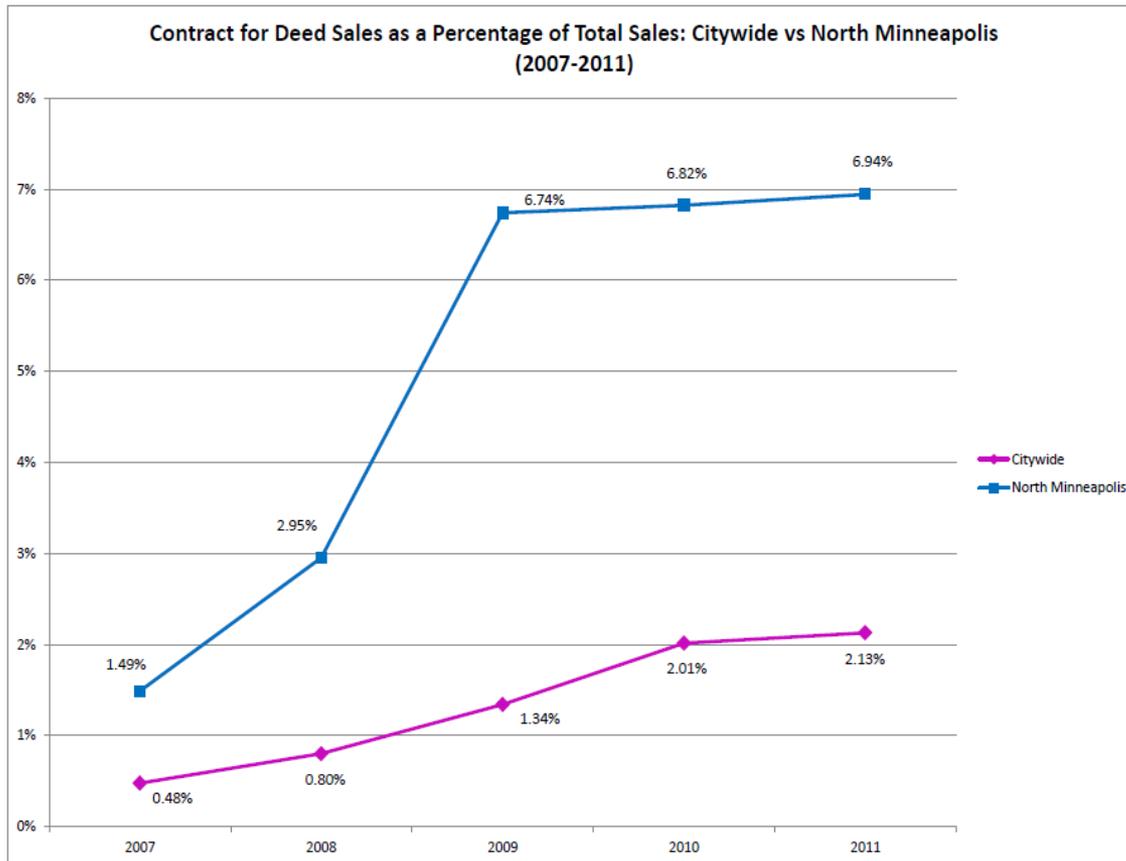
Contract for Deed

- Real Estate Broker Licensing
 - Lowers threshold from 5 to 3 transactions in 1yr that requires seller to obtain broker license
- Recordation of Contracts for Deed
 - Buyer not liable if seller did not provide documents
- Disclosures, Waiting Period & Remedies
 - Sellers who conduct more than 2 CFDs/yr.
 - Disclosure at least 7 days prior to execution of purchaser agreement or 10 days before CFD

Contract for Deed

- Alerts buyer to the complexity of transaction
 - Alerts buyer to the risks and obligations
 - Advises legal advice
 - Advises appraisal and inspection
 - Right to cancel within 7 days
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- Buyer right to contest cancelation of CFD after 60 days
 - Removal of criminal penalty for failure to record

Contract for Deed in Minneapolis



Source: Minneapolis Assessor's Office (2007-2011)

Brett Costain 11.13.12

Foreclosure

- Consumer Financial Protection Bureau Servicing Standards
 - Baseline set of standards for all servicers to follow, effective January, 2014
 - Applies to all mortgage services, except those that deal with 5,000 or fewer loans
 - Ban on dual-tracking
 - Serious consideration of loan modification requests
 - Cannot make first foreclosure notice/filing until 120 days delinquent to give time for loan mod
 - Notice to homeowners of all loss mitigation options after 2+ missed payments
 - Direct, easy and continuous access to servicing employees to assist with loans

Foreclosure

- Homeowner Bill of Rights (HF. 83/SF.70, Frieberg/Rest)
 - Codifies much of the Consumer Financial Protection Bureau servicing rules
 - Notice to servicemembers
 - Lender required to provide single point of contact
 - Prohibit dual-tracking
 - Homeowner's right to sue for wrongful foreclosure (private right of action)
 - Mandatory mediation upon request
- Supporting Responsible Homeowners and Stabilizing Neighborhoods Act (HF. 8 – Mullery)
 - Help to underwater homeowners
 - Required refinance opportunity
 - Transparency in loan modification criteria
 - Foreclosure relief
 - Response to short sale requests

Foreclosure

- Stay of foreclosure, moratorium, tenant rights (HF. 85 – Clark)
- Reduction in principle balance (HF. 21 – Mullery)
- Foreclosure forbearance for unemployed long-term homeowners (HF. 22- Mullery)
- Longer redemption period (HF. 25 – Mullery)
- Require refinancing opportunities (HF. 26 – Mullery)
- Require lenders who have foreclosed to deed the property to the city (HF. 27 – Mullery)
- Limits those who have an un-remedied local housing code violation from purchasing a foreclosed property (HF. 51- Mullery)

Housing Development & Redevelopment

- Amend expiration of authority for Henn. & Ramsey to impose mortgage & deed tax (HF. 205/SF. 13, Loeffler/Dziedzic)
- Tax-exempt bond allocation to MHFA carry-forward extension, reverse reallocations for 2013 (SF. 156 – Dziedzic)

Tenant Rights & Other

- Homestead Credit Refund
 - Decrease threshold percentage (HF. 2 – Davnie, HF. 126 - Faust)
- Renter' Credit
 - Increase percentage of rent constituting prop tax
 - From 17% to 18%/ (HF. 2 – Davnie, HF. 126 – Faust)
 - From 17% to 19% (HF. 24 – Mullery, HF. 173 – Morgan)
- Tenants rights in foreclosed property (HF. 85- Clark)

Federal: Rep. Ellison: “The Common Sense Housing Investment Act of 2012 (H.R. 6677)

- Reform the Mortgage Interest Deduction
 - Changes the MID to a flat 20% credit
 - Lowers the max mortgage allowed from \$1.0M to \$500,000
 - Allow second homes and home equity lines of credit
 - Generates \$27B to invest in rental housing for families 30-50% of area median income