



# STATE OF MINNESOTA

## Office of Governor Tim Pawlenty

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

May 21, 2009

The Honorable James Metzen  
President of the Senate  
322 State Capitol Building  
Saint Paul, Minnesota 55155

Dear President Metzen:

I have vetoed and am returning Senate File 489, Chapter 127, a bill relating to reverse mortgage loans.

The intention of this bill is to protect borrowers from predatory lending practices, and I share that goal. However, this legislation may trigger unintended consequences and increase costs to consumers.

Reverse mortgage loans are a financial tool to convert some or all of the equity in a home into cash without having to sell and move away from the home. While not right for everyone, it is important this product continue to be offered in Minnesota. This legislation could have the unintended consequence of causing mortgage bankers to refrain from offering reverse mortgage loans to consumers.

The suitability requirement imposed on the lender in this bill is poorly defined. I agree that any reverse mortgage must be appropriate for the consumer. The suitability criteria in the bill should be clear and specific. The standard set forth in this bill is vague and will spawn litigation. More effort should be made to clearly articulate a specific suitability standard.

I encourage the authors to develop legislation that protects consumers from predatory lending practices but does not limit the availability of this type of product in Minnesota.

Sincerely,

A handwritten signature in black ink, appearing to be "Tim Pawlenty".

Tim Pawlenty  
Governor

President Metzen/SF 489

Page 2

May 21, 2009

cc: Representative Margaret Anderson Kelliher, Speaker of the House  
Senator Lawrence J. Pogemiller, Majority Leader  
Senator David Senjem, Minority Leader  
Senator Tarryl Clark  
Representative Marty Seifert, Minority Leader  
Representative Jim Davnie  
Mr. Patrick E. Flahaven, Secretary of the Senate  
Mr. Al Mathiowetz, Chief Clerk of the House of Representatives  
Mr. Mark Ritchie, Secretary of State