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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2324

02/16/2012 Authored by Westrom
The bill was read for the first time and referred to the Committee on Civil Law

1.1 A bill for an act
1.2 relating to real property; reducing the limitations period for actions affecting title
1.3 to real estate; amending Minnesota Statutes 2010, sections 365.27, subdivision 3;
1.4 541.023, subdivisions 1, 2, 2a, 6, 7.

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

1.6 Section 1. Minnesota Statutes 2010, section 365.27, subdivision 3, is amended to read:

1.7 Subd. 3. **Reversion.** If a lot is sold but not used, ownership reverts to the town ~~40~~ 25
1.8 years after the sale or ~~40~~ 25 years after the most recent recording with the county recorder
1.9 of a notice of the kind described in section 541.023 or another document that relates to the
1.10 ownership, whichever is latest. The town may take legal action in the same way as any
1.11 other person to clarify the ownership or assure the marketability of the lot.

1.12 Sec. 2. Minnesota Statutes 2010, section 541.023, subdivision 1, is amended to read:

1.13 Subdivision 1. **Commencement.** As against a claim of title based upon a source
1.14 of title, which source has then been of record at least ~~40~~ 25 years, no action affecting
1.15 the possession or title of any real estate shall be commenced by a person, partnership,
1.16 corporation, other legal entity, state, or any political division thereof, to enforce any right,
1.17 claim, interest, incumbrance, or lien founded upon any instrument, event or transaction
1.18 which was executed or occurred more than ~~40~~ 25 years prior to the commencement of
1.19 such action, unless within ~~40~~ 25 years after such execution or occurrence there has
1.20 been recorded in the office of the county recorder in the county in which the real estate
1.21 affected is situated, a notice sworn to by the claimant or the claimant's agent or attorney
1.22 setting forth the name of the claimant, a description of the real estate affected and of the
1.23 instrument, event or transaction on which such claim is founded, and stating whether the

2.1 right, claim, interest, incumbrance, or lien is mature or immature. If such notice relates to
 2.2 vested or contingent rights claimed under a condition subsequent or restriction it shall
 2.3 affirmatively show why such condition or restriction is not, or has not become nominal so
 2.4 that it may be disregarded under the provisions of section 500.20, subdivision 1.

2.5 Sec. 3. Minnesota Statutes 2010, section 541.023, subdivision 2, is amended to read:

2.6 Subd. 2. **Application.** (a) This section shall apply to every right, claim, interest,
 2.7 incumbrance, or lien founded by any instrument, event, or transaction that is at least ~~40~~
 2.8 25 years old.

2.9 (b) This section applies to repurchase options or other rights of repurchase that
 2.10 encumber an interest in land based upon an instrument other than a deed of conveyance
 2.11 granted by a governmental body, agency, or subdivision, unless within ~~40~~25 years of the
 2.12 recording of the instrument a notice is recorded under subdivision 1. This paragraph does
 2.13 not revive repurchase options or rights of repurchase barred by subdivision 1.

2.14 (c) This section does not apply to actions to enforce rights, claims, interests,
 2.15 encumbrances, or liens arising out of private covenants, conditions, or restrictions to
 2.16 which section 500.20, subdivision 2a, or successor statutes do not apply.

2.17 Sec. 4. Minnesota Statutes 2010, section 541.023, subdivision 2a, is amended to read:

2.18 Subd. 2a. **Registered property not affected.** (a) Except as provided in paragraph
 2.19 (b), this section does not apply to real property while it remains registered according
 2.20 to chapter 508 or 508A.

2.21 (b) This subdivision does not affect an action or proceeding involving the validity of
 2.22 a claim of title based upon a source of title which has been of record at least ~~40~~25 years if:

2.23 (i) the action or proceeding is pending on August 1, 2001, or is commenced before
 2.24 February 1, 2002; and

2.25 (ii) a notice of the pendency of the action or proceeding is recorded before February
 2.26 1, 2002, in the office of the registrar of titles of the county in which the real property
 2.27 affected by the action or proceeding is located.

2.28 Sec. 5. Minnesota Statutes 2010, section 541.023, subdivision 6, is amended to read:

2.29 Subd. 6. **Limitations; certain titles not affected.** This section shall not affect any
 2.30 rights of the federal government; nor increase the effect as notice, actual or constructive, of
 2.31 any instrument now of record; nor bar the rights of any person, partnership, or corporation
 2.32 in possession of real estate. This section shall not impair the record title or record interest,
 2.33 or title obtained by or through any congressional or legislative grant, of any railroad

3.1 corporation or other public service corporation or any trustee or receiver thereof or of any
 3.2 educational or religious corporation in any real estate by reason of any failure to record
 3.3 further evidence of such title or interest even though the record thereof is now or hereafter
 3.4 more than ~~40~~25 years old; nor shall this section require the recording of any notice as
 3.5 provided for in this section as to any undischarged mortgage or deed of trust executed by
 3.6 any such corporation or any trustee or receiver thereof or to any claim or action founded
 3.7 upon any such undischarged mortgage or deed of trust. The exceptions of this subdivision
 3.8 shall not include (1) reservations or exceptions of land for right-of-way or other railroad
 3.9 purposes contained in deeds of conveyance made by a railroad company or by trustees or
 3.10 receivers thereof, unless said reserved or excepted land shall have been put to railroad use
 3.11 within ~~40~~25 years after the date of said deeds of conveyance, (2) nor any rights under any
 3.12 conditions subsequent or restrictions contained in any such deeds of conveyance.

3.13 Sec. 6. Minnesota Statutes 2010, section 541.023, subdivision 7, is amended to read:

3.14 Subd. 7. **Source of title.** For the purposes of this section, the words "source of title"
 3.15 as used in subdivision 1 hereof shall mean any deed, judgment, decree, sheriff's certificate,
 3.16 or other instrument which transfers or confirms, or purports to transfer or confirm, a fee
 3.17 simple title to real estate, including any such instrument which purports to transfer, or to
 3.18 confirm the transfer of a fee simple title from a person who was not the record owner of
 3.19 the real estate. However, any such instrument which purports to transfer, or to confirm the
 3.20 transfer of, a fee simple title from a person who was not the record owner of the real estate
 3.21 to the grantee or transferee named in such instrument shall be deemed a source of title
 3.22 "of record at least ~~40~~25 years" within the meaning of subdivision 1 only if, during the
 3.23 period of ~~40~~25 years after it was recorded, the following two conditions are fulfilled: (1)
 3.24 another instrument was recorded which purports to transfer a fee simple title from said
 3.25 grantee or transferee to another person and (2) no instrument was recorded which purports
 3.26 to be or confirm a transfer of any interest in the real estate by or from whoever was the
 3.27 record owner in fee simple immediately before the commencement of said period of ~~40~~
 3.28 25 years. The purpose of the next preceding sentence is to limit the effect of erroneous
 3.29 descriptions or accidental conveyances.

3.30 Sec. 7. **EFFECTIVE DATE.**

3.31 This act is effective January 1, 2013.