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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 27

01/10/2013 Authored by Mullery

The bill was read for the first time and referred to the Committee on Housing Finance and Policy

1.1 A bill for an act  
 1.2 relating to real estate; requiring that mortgage lenders who have foreclosed on  
 1.3 real estate within a city must deed the property to the city in which it is located  
 1.4 when the foreclosure has been completed; permitting the city to charge the lender  
 1.5 for any costs of repair or demolition; requiring the lender to pay those charges;  
 1.6 proposing coding for new law in Minnesota Statutes, chapter 582.

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

1.8 Section 1. **[582.33] FORECLOSED REAL PROPERTY; DONATION TO CITY**  
 1.9 **REQUIRED.**

1.10 At the conclusion of a foreclosure of a mortgage on residential property located in a  
 1.11 city in this state, the lender shall have four months within which to sell the property in  
 1.12 a bona fide sale to a person or entity that is unrelated to the lender. If the lender fails to  
 1.13 complete such a sale within that time period, the lender shall deed the property to the city  
 1.14 in which the property is located. The city must accept the deed and may charge the lender  
 1.15 for costs of any demolition and repairs reasonably necessary to prepare the property for  
 1.16 sale. The city may retain any net proceeds from the sale for general city purposes.

1.17 **EFFECTIVE DATE.** This section is effective for foreclosures concluded on or  
 1.18 after August 1, 2013.