A bill for an act

relating to real property; modifying time for requesting a hearing on an order to secure a building; modifying notice of sale requirements; requiring a certificate of sale and specified information to be provided to political subdivisions; authorizing political subdivisions to recover costs and attorney fees associated with obtaining a five-week redemption period; amending Minnesota Statutes 2008, sections 580.03; 580.12; 580.30, subdivision 1; 582.03, subdivision 1; 582.032, by adding a subdivision; Minnesota Statutes 2009 Supplement, sections 463.251, subdivision 3; 580.04.

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

Section 1. Minnesota Statutes 2009 Supplement, section 463.251, subdivision 3, is amended to read:

Subd. 3. **Securing building by city; lien.** If the owner of the building or a holder of the sheriff's certificate of sale fails to either comply or provide to the governing body a reasonable plan and schedule to comply with an order issued under subdivision 2 or to request a hearing on the order within ~~14~~ <u>six</u> days after the order is served, the governing body shall cause the building to be properly secured and the cost of securing the building may be charged against the real estate as provided in section 463.21. In the metropolitan area, as defined in section 473.121, subdivision 2, the governing body may work with neighborhood associations to develop and implement plans to secure vacant buildings in a timely and cost-effective fashion. The city may use rehabilitation and revitalization funds in implementing this section.

Sec. 2. Minnesota Statutes 2008, section 580.03, is amended to read:

580.03 NOTICE OF SALE; SERVICE ON OCCUPANT <u>AND POLITICAL SUBDIVISION</u>.

Six weeks' published notice shall be given that such mortgage will be foreclosed by sale of the mortgaged premises or some part thereof, and at least four weeks before the appointed time of sale a copy of such notice shall be served in like manner as a summons in a civil action in the district court upon the person in possession of the mortgaged premises, if the same are actually occupied, and must be mailed or delivered to the city or town in which the premises is located. If there be a building on such premises used by a church or religious corporation, for its usual meetings, service upon any officer or trustee of such corporation shall be a sufficient service upon it. The notice required by sections 580.041 and 580.042 must be served simultaneously with the notice of foreclosure required by this section.

Sec. 3. Minnesota Statutes 2009 Supplement, section 580.04, is amended to read:

580.04 REQUISITES OF NOTICE.

(a) Each notice shall specify or contain:

(1) the name of the mortgagor, the mortgagee, each assignee of the mortgage, if any, and the original or maximum principal amount secured by the mortgage;

(2) the date of the mortgage, and when and where recorded, except where the mortgage is upon registered land, in which case the notice shall state that fact, and when and where registered;

(3) the amount claimed to be due on the mortgage on the date of the notice;

(4) a description of the mortgaged premises, conforming substantially to that contained in the mortgage, and the commonly used street address of the mortgaged premises;

(5) the time and place of sale;

(6) the time allowed by law for redemption by the mortgagor, the mortgagor's personal representatives or assigns; ~~and~~

(7) the name, address, and telephone number of a current representative of the mortgagee or an assignee of the mortgage who has the authority to negotiate a resolution of the foreclosure and respond to property maintenance concerns of the city or town in which the premises is located; and

(8) for mortgaged premises described in section 582.032, subdivision 1, the following statement in capital letters: "THE TIME ALLOWED BY LAW FOR REDEMPTION BY THE MORTGAGOR, THE MORTGAGOR'S PERSONAL REPRESENTATIVES OR ASSIGNS, MAY BE REDUCED TO FIVE WEEKS IF A JUDICIAL ORDER IS ENTERED UNDER MINNESOTA STATUTES, SECTION 582.032, DETERMINING, AMONG OTHER THINGS, THAT THE MORTGAGED PREMISES ARE IMPROVED

WITH A RESIDENTIAL DWELLING OF LESS THAN FIVE UNITS, ARE NOT PROPERTY USED IN AGRICULTURAL PRODUCTION, AND ARE ABANDONED."

(b) If the real estate is an owner-occupied, single-family dwelling, the notice must also specify the date on or before which the mortgagor must vacate the property if the mortgage is not reinstated under section 580.30 or the property redeemed under section 580.23. The notice must state that the time to vacate the property is 11:59 p.m. on the specified date.

Sec. 4. Minnesota Statutes 2008, section 580.12, is amended to read:

580.12 CERTIFICATE OF SALE; RECORD; EFFECT.

<u>Subdivision 1.</u> <u>**Delivery to purchaser; effect.**</u> <u>(a)</u> When any sale of real property is made under a power of sale contained in any mortgage, the officer shall make and deliver to the purchaser a certificate, executed in the same manner as a conveyance, containing:

(1) a description of the mortgage;

(2) a description of the property sold;

(3) the price paid for each parcel sold;

(4) the time and place of the sale, and the name of the purchaser;

(5) the interest rate in effect on the date of the sheriff's sale; and

(6) the time allowed by law for redemption, provided that if the redemption period stated in the certificate is five weeks and a longer redemption period was stated in the published notice of foreclosure sale, a certified copy of the court order entered under section 582.032, authorizing reduction of the redemption period to five weeks, must be attached to the certificate.

<u>(b)</u> A certificate which states a five-week redemption period must be recorded within ten days after the sale; any other certificate must be recorded within 20 days after the sale. When so recorded, upon expiration of the time for redemption, the certificate shall operate as a conveyance to the purchaser or the purchaser's assignee of all the right, title, and interest of the mortgagor in and to the premises named therein at the date of such mortgage, without any other conveyance. A certificate must not contain a time allowed for redemption that is less than the time specified by section 580.23, 582.032, or 582.32, whichever applies.

<u>Subd. 2.</u> <u>**Delivery to political subdivision.**</u> <u>Within five days of receipt of the certificate of sale under subdivision 1, the purchaser shall mail or deliver a copy of the certificate of sale to the city or town in which the mortgaged premises is located, along with the commonly used street address of the premises and the name and address of the property taxpayer for the premises.</u>

Sec. 5. Minnesota Statutes 2008, section 580.30, subdivision 1, is amended to read:

Subdivision 1. **Reinstatement.** In any proceedings for the foreclosure of a real estate mortgage, whether by action or by advertisement, if at any time before the sale of the premises under such foreclosure the mortgagor, the owner, or any holder of any subsequent encumbrance or lien, or any one for them, shall pay or cause to be paid to the holder of the mortgage so being foreclosed, or to the attorney foreclosing the same, or to the sheriff of the county, the amount actually due thereon and constituting the default actually existing in the conditions of the mortgage at the time of the commencement of the foreclosure proceedings, including insurance, delinquent taxes, if any, upon the premises, interest to date of payment, cost of publication and services of process or notices, attorney's fees not exceeding $150 or one-half of the attorney's fees authorized by section 582.01, whichever is greater, <u>any costs incurred when an order to reduce a mortgagor's redemption period under section 582.032 is entered, including amounts awarded under section 582.032, subdivision 9,</u> together with other lawful disbursements necessarily incurred in connection with the proceedings by the party foreclosing, then, and in that event, the mortgage shall be fully reinstated and further proceedings in such foreclosure shall be thereupon abandoned.

Sec. 6. Minnesota Statutes 2008, section 582.03, subdivision 1, is amended to read:

Subdivision 1. **Allowable costs collectable upon redemption.** The holder of any sheriff's certificate of sale, from a foreclosure by advertisement or action of a mortgage or lien or execution, or the holder of any certificate of redemption as a junior creditor during the period of redemption, may pay and claim the following on redemption: any taxes or assessments on which any penalty would otherwise accrue, and any costs of a hazard insurance policy for the holder's interest in the mortgaged premises incurred for the period of holding the sheriff's certificate, any costs incurred when an order to reduce a mortgagor's redemption period under section 582.032 is entered, <u>including amounts awarded under section 582.032, subdivision 9,</u> any fees paid to the county recorder, registrar of titles, or sheriff to obtain or record the certificates of sale or redemption or notices of intention to redeem, any reasonable fees paid to licensed real estate brokers for broker price opinions or to licensed appraisers for appraisals, any deed tax paid to file a certificate of redemption, reasonable attorney fees incurred after the foreclosure sale not to exceed one-half of the amount authorized by section 582.01, any costs incurred under section 582.031, and any interest or installment of principal upon any prior or superior mortgage, lien, or contract for deed in default or that becomes due during the period of redemption. In all such cases, the costs so paid and claimed due, with interest, shall be a part of the sum required to be paid to redeem from such sale. No other costs, fees, interest, or other amount may be added to the amount necessary to redeem.

Sec. 7. Minnesota Statutes 2008, section 582.032, is amended by adding a subdivision to read:

Subd. 9. **Costs.** Upon motion of a political subdivision that initiated a proceeding under subdivision 4 or intervened under subdivision 5, if an order is entered to reduce the redemption period to five weeks, the court shall award costs, disbursements, and reasonable attorney fees to the political subdivision. The party foreclosing the mortgage or holding the sheriff's certificate of sale is liable for an award under this subdivision but may recover these amounts upon reinstatement or redemption as provided in section 580.30, subdivision 1, or 582.03, subdivision 1.