A bill for an act
relating to mortgages; amending provisions relating to foreclosure; amending Minnesota Statutes 2006, sections 580.02; 580.041, subdivision 2; 580.06; 580.07; 580.12; 580.23, subdivision 1; 580.25; 580.28; 580.30; 581.10; 582.03; 582.031; 582.032, subdivision 2; Minnesota Statutes 2007 Supplement, sections 510.05; 550.19; 550.22; 550.24; 580.24; Laws 2004, chapter 263, section 26; proposing coding for new law in Minnesota Statutes, chapter 580.

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

Section 1. Minnesota Statutes 2007 Supplement, section 510.05, is amended to read:

510.05 LIMITATIONS.

The amount of the homestead exemption shall not be reduced by and shall not extend to any mortgage lawfully obtained thereon, to any valid lien for taxes or assessments, to a claim filed pursuant to section 246.53 or 256B.15, to any charge arising under the laws relating to laborers or material suppliers' liens or to any charge obtained under section 481.13 pursuant to a valid waiver of the homestead exemption.

Sec. 2. Minnesota Statutes 2007 Supplement, section 550.19, is amended to read:

550.19 SERVICE ON JUDGMENT DEBTOR.

If the sale is of personal property, at or before the time of posting notice of sale, the officer shall serve a copy of the execution and inventory, and of such notice, upon the judgment debtor, if the debtor is a resident of the county, in the manner required by law for the service of a summons in a civil action. If the sale is of real property, a judgment creditor must, at least four weeks before the appointed time of sale, serve a copy of the notice of sale in like manner as a summons in a civil action in the district court upon the judgment debtor if the judgment debtor is a resident of the county and upon any person in possession of the homestead other than the judgment debtor. In addition, the notice of sale must also be served upon all persons who have recorded a request for notice in accordance with section 580.032.

Sec. 3. Minnesota Statutes 2007 Supplement, section 550.22, is amended to read:

550.22 CERTIFICATE OF SALE OF REALTY.

When a sale of real property is made upon execution, or pursuant to a judgment or order of a court, unless otherwise specified therein, the officer shall execute and deliver to the purchaser a certificate containing:

(1) a description of the execution, judgment, or order;

(2) a description of the property;

(3) the date of the sale and the name of the purchaser;

(4) the price paid for each parcel separately;

(5) if subject to redemption, the time allowed by law therefor;

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

~~(6)~~ (7) the amount of the debtor's homestead exemption, if any, as determined under section 550.175.

Such certificate shall be executed, acknowledged, and recorded in the manner provided by law for a conveyance of real property, shall be prima facie evidence of the facts stated, and, upon expiration of the time for redemption, shall operate as a conveyance to the purchaser of all the right, title, and interest of the person whose property is sold in and to the same, at the date of the lien upon which the same was sold. Any person desiring to perpetuate evidence that any real property sold under this section was not homestead real property may procure an affidavit by the person enforcing the judgment, or that person's attorney, or someone having knowledge of the facts, setting forth that the real property was not homestead real property. The affidavit shall be recorded by the county recorder or registrar of titles, and the affidavit and certified copies of the affidavit shall be prima facie evidence of the facts stated in the affidavit.

Sec. 4. Minnesota Statutes 2007 Supplement, section 550.24, is amended to read:

550.24 REDEMPTION OF REALTY.

(a) Upon the sale of real property, if the estate sold is less than a leasehold of two years' unexpired term, the sale is absolute. In all other cases the property sold, or any portion thereof which has been sold separately, is subject to redemption as provided in this section.

(b) The judgment debtor, the debtor's heirs, successors, legal representatives, or assigns may redeem within one year after the day of sale, or order confirming sale if the property is a homestead, by paying, to the purchaser or the officer making the sale, the amount for which the property was sold with interest at the rate stated in the certificate of sale, on the amount of the sale in excess of the homestead exemption, at the judgment rate and if the purchaser is a creditor having a prior lien, the amount thereof, with interest, on the amount of the sale in excess of the homestead exemption, at the judgment rate together with any costs as provided in sections 582.03 and 582.031.

(c) If there is no redemption during the debtor's redemption period, creditors having a lien, legal or equitable, on the property or some part thereof, subsequent to that on which it was sold may redeem in the manner provided for redemption by creditors of the mortgagor in section 580.24, in the order of their respective liens.

(d) If the property is abandoned during the judgment debtor's redemption period, the person holding the sheriff's certificate may request that the court reduce the judgment debtor's redemption period to five weeks using the procedures provided for a foreclosure by action in section 582.032, subdivision 5.

Sec. 5. Minnesota Statutes 2006, section 580.02, is amended to read:

580.02 REQUISITES FOR FORECLOSURE.

To entitle any party to make such foreclosure, it is requisite:

(1) that some default in a condition of such mortgage has occurred, by which the power to sell has become operative;

(2) that no action or proceeding has been instituted at law to recover the debt then remaining secured by such mortgage, or any part thereof, or, if the action or proceeding has been instituted, that the same has been discontinued, or that an execution upon the judgment rendered therein has been returned unsatisfied, in whole or in part;

(3) that the mortgage has been recorded and, if it has been assigned, that all assignments thereof have been recorded; provided, that, if the mortgage is upon registered land, it shall be sufficient if the mortgage and all assignments thereof have been duly registered~~.~~; and

(4) before the notice of pendency as required under section 580.032 is recorded, the party has complied with section 580.021.

Sec. 6. **[580.021] OFFER OF FORECLOSURE PREVENTION COUNSELING.**

Subdivision 1. **Applicability.** This section applies to foreclosure of mortgages under this chapter on property consisting of one to four family dwelling units, one of which the owner occupies as the owner's principal place of residency on the date of service of the notice of sale of the owner.

Subd. 2. **Requirement to provide notice of opportunity for counseling.** When the written notice required under section 47.20, subdivision 8, is provided and before the notice of pendency under section 580.032, subdivision 3, is filed, a party foreclosing on a mortgage must provide to the mortgagor information contained in a form prescribed in section 580.022, subdivision 1, that:

(1) foreclosure prevention counseling services provided by an authorized foreclosure prevention agency are available; and

(2) notice that if the form is not returned within the stated time period, the party will transmit the homeowner's name, address, and telephone number to an approved foreclosure prevention agency.

Nothing in this subdivision prohibits the notices required by this subdivision from being provided concurrently with the written notice required under section 47.20, subdivision 8.

For the purposes of this section, an "authorized foreclosure counseling agency" is a nonprofit agency approved by the Minnesota Housing Finance Agency or the United States Department of Housing and Urban Development to provide foreclosure prevention counseling services.

Subd. 3. **Option to decline counseling.** In order to decline counseling, a mortgagor shall have three weeks from the date of mailing of the information required under subdivision 2 to return the form prescribed in section 580.022, subdivision 1, to the person and address identified on the form.

Subd. 4. **Notification to authorized counseling agency.** If the form prescribed in section 580.022, subdivision 1, is not returned within the time period, the party entitled to foreclose shall, within one week of the expiration of the time period, provide to the appropriate authorized foreclosure prevention agency the mortgagor's name, address, and most recent known telephone number.

Subd. 5. **Notice of provision of counseling; request for contact information.** (a) An authorized foreclosure prevention agency that contacts or is contacted by a mortgagor or the mortgagor's authorized representative and agrees to provide foreclosure prevention assistance services to the mortgagor or representative must provide the form prescribed in section 580.022 to the mortgagee. The form serves as notice to the mortgagee that the mortgagor is receiving foreclosure prevention counseling assistance.

(b) The mortgagee must return the form to the authorized foreclosure prevention agency within 15 days of receipt of the form with the name and telephone number of the mortgagee's agent. The agent must be a person authorized by the mortgagee to:

(1) discuss with the authorized foreclosure prevention agency or the mortgagor the terms of the mortgage; and

(2) negotiate any resolution to the mortgagor's default.

(c) Nothing in this subdivision requires a mortgagee to reach a resolution relating to the mortgagor's default.

Sec. 7. **[580.022] FORMS.**

Subdivision 1. **Option to Decline Counseling form.** The notice required under section 580.021, subdivision 2, clause (2), must be printed on colored paper that is other than the color of any other document provided with it and must appear substantially as follows:

"PREFORECLOSURE NOTICE

Option to Decline Foreclosure Prevention Counseling

Why You Are Getting This Notice

We do not want you to lose your home and your equity. Government-approved nonprofit agencies are available to, if possible, help you prevent foreclosure.

We want your permission to allow an authorized foreclosure prevention counseling agency to contact you to help you prevent foreclosure.

What Happens If You Don't Do Anything

If we do not receive this form back by [insert date], we will give your contact information to a foreclosure prevention counseling agency that will contact you to start the process of helping you prevent foreclosure.

What Happens If You Check the Box and Send This Notice Back

We will not send your contact information to a foreclosure prevention counseling agency.

Who Are These Foreclosure Prevention Counseling Agencies

They are nonprofit agencies who are experts in housing and foreclosure prevention counseling and assistance. They are experienced in dealing with lenders and homeowners who are behind on mortgage payments and can help you understand your options and work with you to address your delinquency. They are approved by either the Minnesota Housing Finance Agency or the United States Department of Housing and Urban Development. They are not connected with us in any way.

Which Agency Will Contact You

[insert name, address, and telephone number of agency]

You can also contact them instead.

Summary of Your Options

1. If you WANT to be contacted by an authorized foreclosure prevention counseling agency, DO NOTHING.
2. If you DON'T WANT to be contacted by an authorized foreclosure prevention counseling agency, SEND BACK THE FORM BY [insert date.]

□ I wish to decline foreclosure prevention counseling and ask you not to give my contact information to any foreclosure prevention counseling agency.

Signed,

__________________________ __________________________

(Name of Homeowner) Date

Mail to:
[Name of person to whom form is to be returned, if applicable]
[Name of entity to which form is to be returned]
[Address of entity to which form is to be returned]
[Phone number of entity to which form is to be returned]"

Subd. 2. **Notice of Counseling and Request for Contact Information form.** The notice required in section 580.021, subdivision 5, must be substantially in the following form:

"PREFORECLOSURE NOTICE

NOTICE OF PROVISION OF FORECLOSURE PREVENTION COUNSELING AND REQUEST FOR MORTGAGEE CONTACT INFORMATION

[Insert agency name] has been contacted by your customer regarding foreclosure prevention counseling in response to the current foreclosure proceedings involving the customer's real property. Please provide the following contact information pursuant to Minnesota Statutes, section 580.021, subdivision 5, by completing and returning this form via fax [insert fax number] or via e-mail at [insert e-mail address].

To be completed by Counseling Agency

Consumer Name: __________________________
CONSUMER CONTACT INFORMATION:
Address: __________________________
City, State, Zip Code: __________________________
Daytime Phone: __________________________
Nighttime Phone: __________________________

PROPERTY AT RISK FOR FORECLOSURE (if differs from above):
Address: ______________________________
City, State, Zip Code: ______________________________

COUNSELING AGENCY CONTACT:
Name: ______________________________
Agency: ______________________________
Phone: ______________________________
Fax: ______________________________
E-mail: ______________________________

To be completed by Lender
Contact Name: ______________________________
Address: ______________________________
City, State, Zip Code: ______________________________
Phone: ______________________________
Fax: ______________________________
E-mail: ______________________________ "

Sec. 8. Minnesota Statutes 2006, section 580.041, subdivision 2, is amended to read:

Subd. 2. **Content of notice.** The notice required by this section must appear substantially as follows:

"Help For Homeowners in Foreclosure

~~Minnesota law requires that we send you this notice about the foreclosure process. Please read it carefully.~~

The attorney preparing this foreclosure is: ______________________________
(Attorney name, address, phone)
It is being prepared for:
____
(Lender name, loss mitigation phone number)

AS OF [insert date], this lender says that you owe $[insert dollar amount] to bring your mortgage up to date. You must pay this amount to keep your house from going through a sheriff's sale. The sheriff's sale is scheduled for [insert date] at [insert time] at [insert place].

Mortgage foreclosure is a complex process. ~~Some~~ People may ~~approach~~ contact you ~~about "saving"~~ with advice and offers to help "save" your home. ~~You should be careful about any such promises.~~

~~The state encourages you to become informed about your options in foreclosure before entering into any agreements with anyone in connection with the foreclosure of your home. There are government agencies and nonprofit organizations that you~~

~~may contact for helpful information about the foreclosure process. For the name and telephone number of an organization near you please call the Minnesota Housing Finance Agency (MHFA) at (insert telephone number). The state does not guarantee the advice of these agencies.~~

~~Do not delay dealing with the foreclosure because your options may become more limited as time passes."~~

Remember: It is important that you learn as much as you can about foreclosure and your situation. Find out about all your options before you make any agreements with anyone about the foreclosure of your home.

Getting Help

As soon as possible, you should contact your lender at the above number to talk about things you might be able to do to prevent foreclosure. You should also consider contacting the foreclosure prevention counselor in your area. A foreclosure prevention counselor can answer your questions, offer free advice, and help you create a plan which makes sense for your situation.

Contact the Minnesota Home Ownership Center at 651-659-9336 or 866-462-6466 or www.hocmn.org to get the phone number and location of the nearest counseling organization. Call today. The longer you wait, the fewer options you may have for a desirable result.

Information About the Foreclosure Process

You do not need to move at the time of the sheriff's sale. After the sheriff's sale you have the right to "redeem." Redeem means that you pay off the entire loan amount plus fees to keep your house. You can keep living in your home for a period of time. This is called a "redemption period." The redemption period is [insert number of months] months after the sheriff's sale. This redemption period is your chance to try and sell your home or refinance it with a different loan. You can also pay the redemption amount with any other funds you have available. At the end of the redemption period you will have to leave your home. If you do not, the person or company that bid on your home at the sheriff's sale has the right to file an eviction against you in district court."

Sec. 9. **[580.042] FORECLOSURE ADVICE NOTICE TO TENANT.**

Subdivision 1. **Applicability.** This section applies to foreclosure of mortgages under this chapter.

Subd. 2. **Form of delivery of notice.** The notice required by this section must be in 14-point boldface type and must be printed on colored paper that is other than the color of the notice of foreclosure and of the notice to be given under section 580.041, subdivision 1b, and that does not obscure or overshadow the content of the notice. The title of the notice must be in 20-point boldface type. The notice must be on its own page.

Subd. 3. **Content of notice.** The notice required by this section must appear substantially as follows.

Foreclosure: Advice to Tenants

You are renting in a property that is in foreclosure. Minnesota law requires that we send you this notice about the foreclosure process. Please read it carefully.

The mortgage foreclosure does not change the terms of your lease. You and your landlord must continue to follow the terms of your lease, including the rights and responsibilities of you and your landlord. You must keep paying rent unless you have a legal reason to withhold it. Your landlord must keep the property repaired. Utilities must be paid under the terms of your lease or under state law.

Moving out of the property early might be a violation of your lease. The date of the sheriff's foreclosure sale is in the attached foreclosure notice. In most cases you do not need to move from the property before the sheriff's foreclosure sale. Read your lease to see if it says anything about foreclosure and about the rights you may have if the property is in foreclosure. If you have a month-to-month lease, the foreclosure notice does not change the rules for ending your lease. You and your landlord must still give legal notice to end your lease.

In most cases, your landlord has six months after the date of the sheriff's foreclosure sale to pay off the mortgage. This is called the redemption period. Read the attached foreclosure notice to determine the length of the redemption period. You cannot be asked to move during the redemption period except for lease violations or if your lease expires during the redemption period. If your landlord stops the foreclosure, you may not have to move from the property. If your landlord does not stop the foreclosure, there will be a new owner of the property at the end of the redemption period.

The new owner may have the legal right to ask you to move even if your lease is not over. But, the new owner must still give you a written notice stating that the new owner wants you to move.

Do not wait to get information about foreclosure. Mortgage foreclosure is a complicated process. It is important you learn about your rights as a renter when there is a mortgage foreclosure. You may have fewer options if you wait too long. There are government agencies and nonprofit organizations that you may contact for helpful information about the foreclosure process. For the name and telephone number of an organization near you, please call the legal aid office or bar association office in your county. You also can find information on tenant rights at HOME Line at (866) 866-3546 and Law Help Minnesota at http://www.LawHelpMN.org. The state of Minnesota does not guarantee the advice of these agencies and organizations.

Subd. 4. **Affidavit.** Any person may establish compliance with or inapplicability of this section by recording, with the county recorder or registrar of titles, an affidavit by a person having knowledge of the facts, stating that the notice required by this section has been delivered in compliance with this section. The affidavit and a certified copy of a recorded affidavit shall be prima facie evidence of the facts stated in the affidavit. The affidavit may be recorded regarding any foreclosure sale, including foreclosure sales which occurred prior to August 1, 2008, and may recorded separately or as part of the record of a foreclosure.

Subd. 5. **Validation of foreclosure sales; remedy for violation.** (a) No mortgage foreclosure sale under this chapter shall be invalid because of failure to comply with this section.

(b) The remedy for a violation of this section shall be limited to actual damages caused by such violation, not to exceed $1,000, and shall be available only to the tenant of the mortgaged premises who occupied the mortgaged premises during the redemption period of the mortgagor. Any legal action brought to enforce the provisions of this section must be commenced by the last day of the redemption period of the mortgagor. A plaintiff shall have no cause of action if the defendant has complied with section 580.03.

Sec. 10. Minnesota Statutes 2006, section 580.06, is amended to read:

580.06 SALE, HOW AND BY WHOM MADE.

The sale shall be made by the sheriff or the sheriff's deputy at public vendue to the highest bidder, in the county in which the premises to be sold, or some part thereof, are situated, between 9:00 a.m. and ~~the setting of the sun~~ 4:00 p.m.

Sec. 11. Minnesota Statutes 2006, section 580.07, is amended to read:

580.07 POSTPONEMENT.

The sale may be postponed, from time to time, by the party conducting the foreclosure, by inserting a notice of the postponement, as soon as practicable, in the newspaper in which the original advertisement was published, ~~and continuing the publication until the time to which the sale is postponed,~~ at the expense of the party requesting the postponement.

Sec. 12. Minnesota Statutes 2006, section 580.12, is amended to read:

580.12 CERTIFICATE OF SALE; RECORD; EFFECT.

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

~~(5)~~ (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.

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.

Sec. 13. Minnesota Statutes 2006, section 580.23, subdivision 1, is amended to read:

Subdivision 1. **Six-month redemption period.** When lands have been sold in conformity with the preceding sections of this chapter, the mortgagor, the mortgagor's personal representatives or assigns, within six months after such sale, except as otherwise provided in subdivision 2 or section 582.032 or 582.32, may redeem such lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt as stated in the certificate of sale and, if no rate be provided in the ~~mortgage note~~ certificate of sale, at the rate of six percent per annum, together with any further sums which may be payable as provided in sections 582.03 and 582.031. Delivery of funds and documents for redemption shall be made at the normal place of business of the recipient, on days other than Sunday, Saturday, and legal holidays, between the hours of 9:00 a.m. and 4:00 p.m.

Regardless of the length of the redemption period, the sheriff may accept a specific sum less than the full amount due for redemption by the mortgagor upon receipt by the sheriff of written confirmation from the holder of the sheriff's certificate or the attorney for the holder of the sheriff's certificate that the holder of the sheriff's certificate has agreed to accept a specific sum less than the full amount due for redemption.

Sec. 14. Minnesota Statutes 2007 Supplement, section 580.24, is amended to read:

580.24 REDEMPTION BY CREDITOR.

(a) If no redemption is made by the mortgagor, the mortgagor's personal representatives or assigns, the most senior creditor having a legal or equitable lien upon the mortgaged premises, or some part of it, subsequent to the foreclosed mortgage, may redeem within seven days after the expiration of the redemption period determined under section 580.23 or 582.032, whichever is applicable; and each subsequent creditor having a lien may redeem, in the order of priority of their respective liens, within seven days after the time allowed the prior lienholder by paying the amount required under this section. However, no creditor is entitled to redeem unless, ~~within~~ more than two months prior to the expiration of the period allowed for redemption by the mortgagor if the period is six or 12 months, or more than two weeks prior to the expiration of the period allowed for redemption by the mortgagor if the period is five weeks, the creditor:

(1) records with each county recorder and registrar of titles where the foreclosed mortgage is recorded a notice of the creditor's intention to redeem;

(2) records ~~in each office~~ with each county recorder and registrar of titles where the notice of the creditor's intention to redeem is recorded all documents necessary to create the lien on the mortgaged premises and to evidence the creditor's ownership of the lien, including a copy of any money judgment necessary to create the lien; and

(3) after complying with clauses (1) and (2), delivers to the sheriff who conducted the foreclosure sale or the sheriff's successor in office a copy of each of the documents required to be recorded under clauses (1) and (2), with the office, date and time of filing for record stated on the first page of each document. If the creditor's lien is created or perfected two months or less prior to the expiration of a six- or 12-month period allowed for redemption by the mortgagor, or two weeks or less prior to the expiration of a five-week period allowed for redemption by the mortgagor, the creditor may redeem if the creditor: (i) commences a suit in the district court naming the foreclosing creditor, the mortgagor, any known occupants, and any creditors who have recorded a notice of intention to redeem, (ii) records with each county recorder and registrar of titles where the foreclosed mortgage is recorded a lis pendens related to the suit, and (iii) records with each county recorder and

registrar of titles where the lis pendens is recorded all documents necessary to create the lien on the mortgaged premises and to evidence the creditor's ownership of the lien; and

(4) after complying with clauses (1), (2), and (3), delivers to the sheriff who conducted the foreclosure sale or the sheriff's successor in office a copy of each of the documents required to be recorded under clauses (2) and (3), with the office, date, and time of filing for record state on the first page of each document.

The sheriff shall maintain for public inspection all documents delivered to the sheriff and shall note the date of delivery on each document. The sheriff may charge a fee of $100 for the documents delivered to the sheriff relating to each lien. The sheriff shall maintain copies of documents delivered to the sheriff for a period of six months after the end of the mortgagor's redemption period.

(b) Saturdays, Sundays, legal holidays, and the first day following the expiration of the prior redemption period must be included in computing the seven-day redemption period. When the last day of the period falls on Saturday, Sunday, or a legal holiday, that day must be omitted from the computation. The order of redemption by judgment creditors subsequent to the foreclosed mortgage shall be determined by the order in which their judgments were entered as memorials on the certificate of title for the foreclosed premises or docketed in the office of the district court administrator if the property is not registered under chapter 508 or 508A, regardless of the homestead status of the property. All mechanic's lienholders who have coordinate liens shall have one combined seven-day period to redeem.

(c) The amount required to redeem from the holder of the sheriff's certificate of sale is the amount required under section 580.23. The amount required to redeem from a person holding a certificate of redemption is:

(1) the amount paid to redeem as shown on the certificate of redemption; plus

(2) interest on that amount to the date of redemption; plus

(3) the amount claimed due on the person's lien, as shown on the affidavit under section 580.25, clause (3).

The amount required to redeem may be paid to the holder of the sheriff's certificate of sale or the certificate of redemption, as the case may be, or to the sheriff for the holder.

Sec. 15. Minnesota Statutes 2006, section 580.25, is amended to read:

580.25 REDEMPTION, HOW MADE.

Redemption shall be made as provided in this section.

The person desiring to redeem shall pay the amount required by law for the redemption, and shall produce to the person or officer receiving the redemption payment:

(1) a copy of the docket of the judgment, or of the recorded deed or mortgage, or of the record or files evidencing any other lien under which the person claims a right to redeem~~, certified by the officer with custody of the docket, record, or files, or the original deed or mortgage with the certificate of record endorsed on it~~;

(2) a copy of any recorded assignment necessary to evidence the person's ownership of the lien~~, certified by the officer with custody of the assignment, or the original of each instrument of assignment with the certificate of record endorsed on it~~. If the redemption is under an assignment of a judgment, the assignment shall be filed in the court entering the judgment, as provided by law, and the person so redeeming shall produce a ~~certified~~ copy of it and of the record of its filing, and the copy of the docket shall show that the proper entry was made upon the docket. No further evidence of the assignment of the judgment is required unless the mortgaged premises or part of it is registered property, in which case the judgment and all assignments of the judgment must be entered as a memorial upon the certificate of title to the mortgaged premises and ~~the original~~ a copy of the judgment and each assignment with the certificate of record endorsed on it~~, or a copy certified by the registrar of titles,~~ must be produced; and

(3) an affidavit of the person or the person's agent, showing the amount then actually claimed due on the person's lien and required to be paid on the lien in order to redeem from the person. No additional fees or charges shall be claimed due except as provided in section 582.03.

If redemption is made to the sheriff, the sheriff may charge a fee of $250 for issuing the certificate of redemption and any related service. No other fee may be charged by the sheriff for a redemption.

Within 24 hours after a redemption is made, the person redeeming shall cause the documents so required to be produced to be ~~filed~~ recorded with the county recorder, or registrar of titles, who may receive fees as prescribed in section 357.18 or 508.82. If the redemption is made at any place other than the county seat, it is sufficient forthwith to deposit the documents in the nearest post office, addressed to the recorder or registrar of titles, with the postage prepaid. A person recording documents produced for redemption shall, on the same day, deliver copies of the documents to the sheriff for public inspection. The sheriff may receive a fee of $20 for the documents delivered following a redemption. The sheriff shall note the date of delivery on the documents and shall maintain for public inspection all documents delivered to the sheriff for a period of six months after the end of the mortgagor's redemption period.

Sec. 16. Minnesota Statutes 2006, section 580.28, is amended to read:

580.28 ACTION TO SET ASIDE MORTGAGE; FORECLOSURE; REDEMPTION.

When an action is brought wherein it is claimed that any mortgage as to the plaintiff or person for whose benefit the action is brought is fraudulent or void, or has been paid or discharged, in whole or in part, or the relative priority or the validity of liens is disputed, if such mortgage has been foreclosed by advertisement, and the time for redemption from the foreclosure sale will expire before final judgment in such action, the plaintiff or beneficiary having the right to redeem, for the purpose of saving such right in case the action fails, may deposit with the sheriff before the time of redemption expires the amount for which the mortgaged premises were sold, with interest thereon to the time of deposit, together with a bond to the holder of the sheriff's certificate of sale, in an amount and with sureties to be approved by the sheriff, conditioned to pay all interest that may accrue or be allowed on such deposit if the action fail. The person shall, in writing, notify such sheriff that the person claims the mortgage to be fraudulent or void, or to have been paid or discharged, in whole or in part, as the case may be, and that such action is pending, and direct the sheriff to retain such money and bond until final judgment. In case such action fails, such deposit shall operate as a redemption of the premises from such foreclosure sale, and entitle the plaintiff to a certificate thereof. Such foreclosure, deposit, bond, and notice shall be brought to the attention of the court by supplemental complaint in the action, and the judgment shall determine the validity of the foreclosure sale, and the rights of the parties to the moneys and bond so deposited, which shall be paid and delivered by the sheriff as directed by such judgment upon delivery to the sheriff of a certified copy thereof. The remedy herein provided shall be in addition to other remedies now existing.

Sec. 17. Minnesota Statutes 2006, section 580.30, is amended to read:

580.30 MORTGAGES, WHEN REINSTATED.

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, 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.

Subd. 2. **Request by sheriff.** Upon written request by the sheriff, the holder of the mortgage or the holder's legal representative shall provide to the sheriff within seven days of the date of the request by the sheriff to the foreclosing attorney: (1) the current payoff amount, showing outstanding principal, interest, and a daily interest accrual amount, (2) an itemized schedule of the current amounts necessary to reinstate the mortgage, (3) the identity of the person or entity with authority to act on behalf of the holder of the mortgage or the holder's legal representative. If the request by the sheriff is made greater than seven days before the sheriff's sale and the holder of the mortgage or the holder's legal representative fails to respond to the sheriff's request within seven days of the date of the request, then the sheriff shall postpone the sheriff's sale for seven days and the sheriff shall announce at the sheriff's sale a postponement of seven days. The sheriff shall continue to postpone the sheriff's sale and announce the postponement until the holder of the mortgage or the holder's legal representative responds to the sheriff's request and seven days elapse before the sale is conducted. The postponement does not need to be published. If the request by the sheriff is made seven days or less before the sheriff's sale, the holder of the mortgage or the holder's representative shall make a good faith effort to respond to the sheriff before the sheriff's sale, but the sheriff may conduct the sheriff's sale without a response from the holder of the mortgage or the holder's legal representative.

Sec. 18. Minnesota Statutes 2006, section 581.10, is amended to read:

581.10 REDEMPTION BY MORTGAGOR, CREDITOR.

The mortgagor, or those claiming under the mortgagor, within the time specified in section 580.23 or 582.032, whichever applies, after the date of the order of confirmation, may redeem the premises sold, or any separate portion thereof, by paying the amount bid therefor, with interest thereon from the time of sale ~~at the rate provided to be paid on the mortgage debt, not to exceed eight percent per annum, and, if no rate to be provided in the mortgage,~~ at the rate ~~of six percent~~ stated in the certificate of sale, together with any further sum which may be payable pursuant to section 582.03 and 582.031. Creditors having a lien may redeem in the order and manner specified in section 580.24.

Sec. 19. Minnesota Statutes 2006, section 582.03, is amended to read:

582.03 PURCHASER MAY PAY TAXES AND OTHER EXPENSES DUE.

Subdivision 1. **Allowable costs collectable upon redemption.** The ~~purchaser at any~~ holder of any sheriff's certificate of sale, ~~upon~~ from a foreclosure by advertisement or action of a mortgage or lien or execution ~~or at any judicial sale,~~, 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 ~~may pay the premium upon any policy of insurance procured in renewal of any expiring policy upon~~ 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; 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 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, ~~may pay~~ any costs incurred under section 582.031, and ~~may, in case~~ any interest or installment of principal upon any prior or superior mortgage, lien, or contract for deed ~~is~~ in default or ~~shall become~~ that becomes due during the period of redemption~~, pay the same, and,~~. In all such cases, the ~~sum~~ 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.

Subd. 2. **Affidavit of allowable costs.** ~~Such~~ Any payments made and claimed due under subdivision 1 shall be proved by the affidavit of the ~~purchaser or the purchaser's~~ holder of the sheriff's certificate or its agent or attorney, ~~stating the items~~ itemizing each of the allowable costs and describing the premises~~, which must be filed for record with the county recorder or registrar of titles, and a copy thereof shall be furnished to the sheriff at least ten days before the expiration of the period of redemption.~~ The affidavit shall be filed with the sheriff of the county in which the sale was held at any time prior to expiration of the mortgagor's redemption period. Upon written request by the sheriff, the holder of the sheriff's certificate or certificate of redemption shall provide an affidavit of allowable costs to the sheriff within seven days of the date of the request by the sheriff. If the holder of the sheriff's certificate or certificate of redemption fails to respond to the sheriff's request within seven days, then the sheriff may calculate a redemption amount pursuant to section 580.23, subdivision 1, and issue a certificate of redemption for that amount. If the time allowed to redeem is less than seven days from the expiration of the redemption period, then the sheriff shall make a reasonable effort to request the affidavit of allowable costs in writing from the holder of the sheriff's certificate, its agent, or attorney before issuing a certificate of redemption. If the affidavit of allowable costs is not provided more than one business day before the expiration of the redemption period, then at any time one business day or less before the expiration of the redemption period, the sheriff may calculate a redemption amount pursuant to section 580.23, subdivision 1, and issue a certificate of redemption for that amount. The amount calculated by the sheriff, absent malfeasance by the sheriff, shall bind the holder of the sheriff's certificate even if the amount calculated by the sheriff is less than the actual amount due.

Subd. 3. **Penalty for excessive costs.** At any time within one year after the expiration of the mortgagor's redemption period, the redeeming party, heirs, or assigns may recover from the holder of the sheriff's certificate three times the amount of any sums declared as costs or disbursements on the affidavit of allowable costs but not actually paid by the holder, or three times the amount of any sums determined to exceed a reasonable cost for the declared item, unless the disputed amounts are paid to the redeeming party, heirs, or assigns prior to entry of judgment.

Sec. 20. Minnesota Statutes 2006, section 582.031, is amended to read:

582.031 LIMITED RIGHT OF ENTRY.

Subdivision 1. **Right of entry.** If premises described in a mortgage or sheriff's certificate are vacant or unoccupied, the holder of the mortgage or sheriff's certificate or the holder's agents and contractors may, but is under no obligation to, enter upon the premises to protect the premises from waste, until the holder of the mortgage or sheriff's certificate receives notice that the premises are occupied. The holder of the mortgage or sheriff's certificate does not become a mortgagee in possession by taking actions authorized under this section. An affidavit of the sheriff, the holder of the mortgage or sheriff's certificate, or a person acting on behalf of the holder, describing the premises and stating that the same are vacant or unoccupied, is prima facie evidence of the facts stated in the affidavit and is entitled to be recorded in the office of the county recorder or the registrar of titles in the county where the premises are located, if it contains a legal description of the premises.

Subd. 2. **Authorized actions.** The holder of the mortgage or sheriff's certificate may take the following actions to protect the premises from waste~~.~~ or from falling below minimum community standards for public safety and sanitation: make reasonable periodic inspections, install or change locks on doors and windows, board windows, install an alarm system, ~~provide a resident caretaker,~~ and otherwise prevent or minimize damage to the premises from the elements, vandalism, trespass, or other illegal activities. If the holder of the mortgage or sheriff's certificate installs or changes locks under this section, a key to the premises must be promptly delivered to the mortgagor or any person lawfully claiming through the mortgagor, upon request.

Subd. 3. **Costs.** All costs incurred by the holder of the mortgage to protect the premises from waste or from falling below minimum community standards for public safety and sanitation may be added to the principal balance of the mortgage. The costs may bear interest to the extent provided in the mortgage and may be added to the redemption price if the costs are incurred after a foreclosure sale. If the costs are incurred after a foreclosure sale, the ~~purchaser at the foreclosure sale~~ holder of any sheriff's certificate of sale or certificate of redemption must comply with the provisions of section 582.03. The provisions of this section are in addition to, and do not limit or replace, any other rights or remedies available to holders of mortgages and sheriff's certificates, at law or under the applicable mortgage agreements.

Sec. 21. Minnesota Statutes 2006, section 582.032, subdivision 2, is amended to read:

Subd. 2. **Before foreclosure sale.** Notwithstanding section 580.23 or 581.10, if at any time before the foreclosure sale but not more than 30 days before the first publication of the notice of sale, a court order is entered reducing the mortgagor's redemption period to five weeks under subdivision 7, after the mortgaged premises have been sold as provided in chapter 580 or 581, the mortgagor, and the mortgagor's personal representatives or assigns, within five weeks after the sale under chapter 580, or within five weeks after the date of the order confirming the sale under chapter 581, may redeem the mortgaged premises as provided in section 580.23, subdivision 1, or 581.10, as applicable. ~~If an order is obtained after the first publication of the notice of sale, the five-week redemption period applies only if the notice of sale contained the statement required by section 580.04, clause (7).~~ All publications of notice of sale must include the statement required by section 580.04, clause (7). The last publication of notice of sale prior to the sale under chapter 580 must state if the foreclosing party will petition to have the redemption period reduced as provided in this section.

Sec. 22. Laws 2004, chapter 263, section 26, is amended to read:

Sec. 26. **EFFECTIVE DATE; EXPIRATION.**

Sections 1 to 18, 22, 23, and 25 are effective August 1, 2004~~, and expire December 31, 2009~~. Sections 19, 20, 21, and 24 are effective July 1, 2004.