

SENATE

STATE OF MINNESOTA

NINETY-THIRD SESSION

S.F. No. 3489

(SENATE AUTHORS: MOHAMED and Abeler)		
DATE	D-PG	OFFICIAL STATUS
02/12/2024	11546	Introduction and first reading
		Referred to Housing and Homelessness Prevention
02/26/2024	11737a	Comm report: To pass as amended and re-refer to Judiciary and Public Safety
	11824	Author added Abeler

1.1

A bill for an act

1.2

relating to real property; modifying requirements for contract for deeds between

1.3

investor sellers and purchasers of residential real property; modifying recording

1.4

provisions; requiring disclosures; providing a right to cancel; authorizing civil

1.5

remedies; amending Minnesota Statutes 2022, sections 272.12; 507.235,

1.6

subdivisions 1a, 5; 513.73, subdivision 3; 559.21, subdivisions 2a, 4, by adding

1.7

subdivisions; 559.211, subdivision 1; 559.213; proposing coding for new law as

1.8

Minnesota Statutes, chapter 559A; repealing Minnesota Statutes 2022, sections

1.9

559.201; 559.202.

1.10

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

1.11

Section 1. Minnesota Statutes 2022, section 272.12, is amended to read:

1.12

**272.12 CONVEYANCES, TAXES PAID BEFORE RECORDING.**

1.13

When:

1.14

(a) a deed or other instrument conveying land,

1.15

(b) a plat of any townsite or addition thereto,

1.16

(c) a survey required pursuant to section 508.47,

1.17

(d) a condominium plat subject to chapter 515 or 515A or a declaration that contains

1.18

such a plat, or

1.19

(e) a common interest community plat subject to chapter 515B or a declaration that

1.20

contains such a plat,

1.21

is presented to the county auditor for transfer, the auditor shall ascertain from the records

1.22

if there be taxes delinquent upon the land described therein, or if it has been sold for taxes.

1.23

An assignment of a sheriff's or referee's certificate of sale, when the certificate of sale

describes real estate, and certificates of redemption from mortgage or lien foreclosure sales, when the certificate of redemption encompasses real estate and is issued to a junior creditor, are considered instruments conveying land for the purposes of this section and section 272.121. If there are taxes delinquent, the auditor shall certify to the same; and upon payment of such taxes, or in case no taxes are delinquent, shall transfer the land upon the books of the auditor's office, and note upon the instrument, over official signature, the words, "no delinquent taxes and transfer entered," or, if the land described has been sold or assigned to an actual purchaser for taxes, the words "paid by sale of land described within;" and, unless such statement is made upon such instrument, the county recorder or the registrar of titles shall refuse to receive or record the same; provided, that sheriff's or referees' certificates of sale on execution or foreclosure of a lien or mortgage, certificates of redemption from mortgage or lien foreclosure sales issued to the redeeming mortgagor or lienee, documents evidencing the termination of a contract for deed as described in section 559.213, deeds of distribution made by a personal representative in probate proceedings, transfer on death deeds under section 507.071, decrees and judgments, receivers receipts, patents, and copies of town or statutory city plats, in case the original plat filed in the office of the county recorder has been lost or destroyed, and the instruments releasing, removing and discharging reversionary and forfeiture provisions affecting title to land and instruments releasing, removing or discharging easement rights in land or building or other restrictions, may be recorded without such certificate; and, provided that instruments conveying land and, as appurtenant thereto an easement over adjacent tract or tracts of land, may be recorded without such certificate as to the land covered by such easement; and provided further, that any instrument granting an easement made in favor of any public utility or pipe line for conveying gas, liquids or solids in suspension, in the nature of a right-of-way over, along, across or under a tract of land may be recorded without such certificate as to the land covered by such easement. Documents governing homeowners associations of condominiums, townhouses, common interest ownership communities, and other planned unit developments may be recorded without the auditor's certificate to the extent provided in section 515B.1-116(e).

A deed of distribution made by a personal representative in a probate proceeding, a decree, or a judgment that conveys land shall be presented to the county auditor, who shall transfer the land upon the books of the auditor's office and note upon the instrument, over official signature, the words, "transfer entered", and the instrument may then be recorded. A decree or judgment that affects title to land but does not convey land may be recorded without presentation to the auditor.

A violation of this section by the county recorder or the registrar of titles shall be a gross misdemeanor, and, in addition to the punishment therefor, the recorder or registrar shall be liable to the grantee of any instrument so recorded for the amount of any damages sustained.

When, as a condition to permitting the recording of deed or other instrument affecting the title to real estate previously forfeited to the state under the provisions of sections 281.16 to 281.25, county officials, after such real estate has been purchased or repurchased, have required the payment of taxes erroneously assumed to have accrued against such real estate after forfeiture and before the date of purchase or repurchase, the sum required to be so paid shall be refunded to the persons entitled thereto out of moneys in the funds in which the sum so paid was placed. Delinquent taxes are those taxes deemed delinquent under section 279.02.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2022, section 507.235, subdivision 1a, is amended to read:

Subd. 1a. **Requirements of vendor.** (a) A vendor entering into a contract for deed involving residential real property must, contemporaneously with the execution of the contract for deed:

~~(1) deliver to the vendee a copy of the contract for deed containing original signatures in recordable form; and,~~

~~(2) (b) Within four months of the execution of the contract for deed, the vendor must:~~

~~(1) pay, or reimburse the vendee for payment of, any delinquent taxes necessary for recordation of the contract for deed, unless the contract for deed provides for the vendee to pay the delinquent taxes; and~~

~~(2) record the contract for deed in the office of the county recorder or registrar of titles in the county in which the land is located.~~

~~(c) The following statement included in a contract for deed for other than residential real property shall constitute prima facie evidence that this subdivision does not apply: "The property is not residential real property."~~

~~(d) If the contract for deed is not in recordable form, the vendor must make a good faith effort to correct the defects that rendered the contract unrecordable. A good faith effort includes but is not limited to determining the reason or reasons why the contract was not in recordable form, and revising and, if necessary, having all parties re-execute, the contract~~

4.1 to render it in recordable form. The vendee must, in good faith, cooperate with the vendor  
4.2 to the extent that cooperation is necessary to correct the defects.

4.3 ~~(b)~~ (c) For purposes of this subdivision:

4.4 (1) "contract for deed" means an executory contract for the conveyance of residential  
4.5 real property under which the seller provides financing for the purchase of the residential  
4.6 real property and under which the purchaser does or has a right to go into possession.

4.7 Contract for deed does not include:

4.8 (i) a purchase agreement;

4.9 (ii) an earnest money contract;

4.10 (iii) an exercised option or a lease, including a lease with an option to purchase; or

4.11 (iv) a mortgage, as defined in section 287.01; and

4.12 (2) "residential real property" means real property ~~occupied, or intended to be occupied,~~  
4.13 ~~by one to four families, if the purchaser intends to occupy the real property consisting of~~  
4.14 one to four family dwelling units, one of which is intended to be occupied as the principal  
4.15 place of residence by:

4.16 (i) the purchaser;

4.17 (ii) if the purchaser is an entity, the natural person who is the majority or controlling  
4.18 owner of the entity; or

4.19 (iii) if the purchaser is a trust, the settlor of the trust.

4.20 Residential real property does not include ~~property subject to a family farm security loan~~  
4.21 ~~or~~ a transaction subject to sections 583.20 to 583.32.

4.22 (f) The performance of the obligations by the vendor required under this subdivision  
4.23 satisfies any of the obligations of the original vendee, as required under subdivision 1.

4.24 (g) The requirements of this subdivision may not be waived or altered by any provision  
4.25 in a contract for deed. A provision in a contract for deed to the contrary is void and  
4.26 unenforceable.

4.27 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to all contracts  
4.28 for deed executed by all parties on or after that date.

5.1 Sec. 3. Minnesota Statutes 2022, section 507.235, subdivision 5, is amended to read:

5.2 Subd. 5. **Civil enforcement.** (a) A city in which the land is located or, if the land is not  
5.3 located within a city, the county in which the land is located, may enforce the provisions  
5.4 of this section. The city or county may bring an action to compel the recording of a contract  
5.5 for deed or any assignments of a contract for deed, an action to impose the civil penalty, or  
5.6 an action to compel disclosure of information.

5.7 (b) Prior to bringing an action under this subdivision to compel recording or to impose  
5.8 the penalty, ~~or an action under subdivision 4,~~ the city or county must provide written notice  
5.9 to the person, subject to subdivision 1, of the person's duty to record the contract for deed  
5.10 or the assignment. If the person so notified fails to record the contract for deed or assignment  
5.11 documents within 14 days of receipt of the notice, an action may be brought.

5.12 (c) It is an affirmative defense in an enforcement action under this section that the contract  
5.13 for deed or assignment document is not recordable, or that section 272.121 prohibits the  
5.14 recording of the contract for deed or assignment, and that the defendant has provided to the  
5.15 city or county attorney true and correct copies of the documents within 14 days after receipt  
5.16 of the notice.

5.17 (d) In an action brought under this subdivision, the city or county attorney may recover  
5.18 costs and disbursements, including reasonable attorney fees.

5.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.20 Sec. 4. Minnesota Statutes 2022, section 513.73, subdivision 3, is amended to read:

5.21 Subd. 3. **Private transfer fee.** "Private transfer fee" means a fee or charge required by  
5.22 a private transfer fee obligation and payable upon the transfer of an interest in real property,  
5.23 or payable for the right to make or accept the transfer, regardless of whether the fee or  
5.24 charge is a fixed amount or is determined as a percentage of the value of the property, the  
5.25 purchase price, or other consideration given for the transfer. The following are not private  
5.26 transfer fees for purposes of this section:

5.27 (1) consideration payable by the grantee to the grantor for the interest in real property  
5.28 being transferred, including any subsequent additional consideration for the property payable  
5.29 by the grantee based upon any subsequent appreciation, development, or sale of the property,  
5.30 provided that the additional consideration is payable on a onetime basis only, and the  
5.31 obligation to make the payment does not bind successors in title to the property. For the  
5.32 purposes of this clause, an interest in real property may include a separate mineral estate  
5.33 and its appurtenant surface access rights;

(2) commission payable to a licensed real estate broker for the transfer of real property pursuant to an agreement between the broker and the grantor or the grantee, including any subsequent additional commission for that transfer payable by the grantor or the grantee based upon any subsequent appreciation, development, or sale of the property;

(3) interest, charges, fees, or other amounts payable by a borrower to a lender pursuant to a loan secured by a mortgage against real property, including but not limited to a fee payable to the lender for consenting to an assumption of the loan or a transfer of the real property subject to the mortgage, fees, or charges payable to the lender for estoppel letters or certificates, and shared appreciation interest or profit participation or other consideration and payable to the lender in connection with the loan;

(4) rent, reimbursement, charge, fee, or other amount payable by a lessee to a lessor under a lease, including but not limited to a fee payable to the lessor for consenting to an assignment, subletting, encumbrance, or transfer of the lease;

(5) consideration payable to the holder of an option to purchase an interest in real property or the holder of a right of first refusal or first offer to purchase an interest in real property for waiving, releasing, or not exercising the option or right upon the transfer of the property to another person;

~~(6) consideration payable by a contract for deed vendee to the vendor pursuant to the terms of a recorded contract for deed, including any subsequent additional consideration for the property payable by the vendee based upon any subsequent appreciation, development, or sale of the property;~~

~~(7)~~ (6) a tax, fee, charge, assessment, fine, or other amount payable to or imposed by a governmental authority;

~~(8)~~ (7) a fee, charge, assessment, fine, or other amount payable to a homeowner's condominium, cooperative, mobile home, or property owner's association pursuant to a declaration or covenant or law applicable to the association, including but not limited to fees or charges payable for estoppel letters or certificates issued by the association or its authorized agent;

~~(9)~~ (8) a fee, a charge, an assessment, dues, a contribution, or other amount pertaining to the purchase or transfer of a club membership relating to real property owned by the member, including but not limited to any amount determined by reference to the value, purchase price, or other consideration given for the transfer of the real property; and

(10) ~~(9)~~ a mortgage from the purchaser of real property granted to the seller or to a licensed real estate broker.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2022, section 559.21, subdivision 2a, is amended to read:

Subd. 2a. **For post 7/31/1985 contract.** If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed on or after August 1, 1985, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside of the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 60 days, or a shorter period allowed or a longer period required in subdivision 4, after the service of the notice, unless prior to the termination date the purchaser:

(1) complies with the conditions in default;

(2) makes all payments due and owing to the seller under the contract through the date that payment is made;

(3) pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination;

(4) except for earnest money contracts, purchase agreements, and exercised options, pays two percent of any amount in default at the time of service, not including the final balloon payment, any taxes, assessments, mortgages, or prior contracts that are assumed by the purchaser; and

(5) if the contract for deed is executed on or after August 1, 2024, pays an amount to apply on attorneys' fees actually expended or incurred of \$1,000; if the contract is executed on or after August 1, 1999, and before August 1, 2024, pays an amount to apply on attorneys' fees actually expended or incurred, of \$250 if the amount in default is less than \$1,000, and of \$500 if the amount in default is \$1,000 or more; or if the contract is executed before August 1, 1999, pays an amount to apply on attorneys' fees actually expended or incurred, of \$125 if the amount in default is less than \$750, and of \$250 if the amount in default is \$750 or more; except that no amount for attorneys' fees is required to be paid unless some part of the conditions of default has existed for at least 30 days prior to the date of service of the notice.

8.1 **EFFECTIVE DATE.** This section is effective August 1, 2024.

8.2 Sec. 6. Minnesota Statutes 2022, section 559.21, subdivision 4, is amended to read:

8.3 Subd. 4. **Law prevails over contract; procedure; conditions.** (a) The notice required  
8.4 by this section must be given notwithstanding any provisions in the contract to the contrary,  
8.5 except that (1) earnest money contracts, purchase agreements, and exercised options that  
8.6 are subject to this section may, unless by their terms they provide for a longer termination  
8.7 period, be terminated on 30 days' notice, or may be canceled under section 559.217 and (2)  
8.8 contracts for deed executed by an investor seller shall be terminated on 90 days' notice. The  
8.9 notice must be served within the state in the same manner as a summons in the district court,  
8.10 and outside of the state, in the same manner, and without securing any sheriff's return of  
8.11 not found, making any preliminary affidavit, mailing a copy of the notice or doing any other  
8.12 preliminary act or thing whatsoever. Service of the notice outside of the state may be proved  
8.13 by the affidavit of the person making the same, made before an authorized officer having  
8.14 a seal, and within the state by such an affidavit or by the return of the sheriff of any county  
8.15 therein.

8.16 (b) If a person to be served is a resident individual who has departed from the state, or  
8.17 cannot be found in the state; or is a nonresident individual or a foreign corporation,  
8.18 partnership, or association, service may be made by publication as provided in this paragraph.  
8.19 Three weeks' published notice has the same effect as personal service of the notice. The  
8.20 published notice must comply with subdivision 3 and state (1) that the person to be served  
8.21 is allowed 90 days after the first date of publication of the notice to comply with the  
8.22 conditions of the contract, and (2) that the contract will terminate 90 days after the first date  
8.23 of publication of the notice, unless before the termination date the purchaser complies with  
8.24 the notice. If the real estate described in the contract is actually occupied, then, in addition  
8.25 to publication, a person in possession must be personally served, in like manner as the  
8.26 service of a summons in a civil action in state district court, within 30 days after the first  
8.27 date of publication of the notice. If an address of a person to be served is known, then within  
8.28 30 days after the first date of publication of the notice a copy of the notice must be mailed  
8.29 to the person's last known address by first class mail, postage prepaid.

8.30 (c) The contract is reinstated if, within the time mentioned, the person served:

8.31 (1) complies with the conditions in default;

8.32 (2) if subdivision 1d or 2a applies, makes all payments due and owing to the seller under  
8.33 the contract through the date that payment is made;



(3) pays the costs of service as provided in subdivision 1b, 1c, 1d, or 2a;

(4) if subdivision 2a applies, pays two percent of the amount in default, not including the final balloon payment, any taxes, assessments, mortgages, or prior contracts that are assumed by the purchaser; and

(5) pays attorneys' fees as provided in subdivision 1b, 1c, 1d, or 2a.

(d) The contract is terminated if the provisions of paragraph (c) are not met.

(e) In the event that the notice was not signed by an attorney for the seller and the seller is not present in the state, or cannot be found in the state, then compliance with the conditions specified in the notice may be made by paying to the court administrator of the district court in the county wherein the real estate or any part thereof is situated any money due and filing proof of compliance with other defaults specified, and the court administrator of the district court shall be deemed the agent of the seller for such purposes. A copy of the notice with proof of service thereof, and the affidavit of the seller, the seller's agent or attorney, showing that the purchaser has not complied with the terms of the notice, may be recorded with the county recorder or registrar of titles, and is prima facie evidence of the facts stated in it; but this section in no case applies to contracts for the sale or conveyance of lands situated in another state or in a foreign country. If the notice is served by publication, the affidavit must state that the affiant believes that the party to be served is not a resident of the state, or cannot be found in the state, and either that the affiant has mailed a copy of the notice by first class mail, postage prepaid, to the party's last known address, or that such address is not known to the affiant.

(f) No notice under this section may be given for a contract for deed executed by an investor seller unless, at least 30 days prior to the service of the notice, some part of the conditions of default has existed and the investor seller has notified the purchaser of such conditions of default by certified mail to the purchaser's last known address.

(g) For purposes of this subdivision, "investor seller" has the meaning given in section 559A.01, subdivision 6.

**EFFECTIVE DATE.** This section is effective August 1, 2024.

Sec. 7. Minnesota Statutes 2022, section 559.21, is amended by adding a subdivision to read:

Subd. 4a. **Termination prohibited for certain transfers regarding residential real property.** (a) Notwithstanding any provisions in a contract for deed to the contrary, the

10.1 notice under this section may not be given and no other remedies may be exercised for any  
10.2 contract for deed based on any of the following transfers:

10.3 (1) a transfer on death deed conveying or assigning the deceased purchaser's interest in  
10.4 the property to a grantee beneficiary;

10.5 (2) a transfer by devise, descent, or operation of law on the death of a joint tenant occurs;

10.6 (3) a transfer by which the spouse or children of the purchaser become an owner of the  
10.7 property;

10.8 (4) a transfer resulting from a decree of a dissolution of marriage, legal separation  
10.9 agreement, or from an incidental property settlement agreement, by which the spouse of  
10.10 the purchaser becomes an owner of the property; or

10.11 (5) a transfer into an inter vivos trust by which the purchaser is and remains a beneficiary  
10.12 and which does not relate to a transfer of rights of occupancy in the property.

10.13 (b) For the purposes of this subdivision, "contract for deed" has the meaning given in  
10.14 section 507.235, subdivision 1a, paragraph (e).

10.15 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to all contracts  
10.16 for deed executed by all parties on or after that date.

10.17 Sec. 8. Minnesota Statutes 2022, section 559.21, is amended by adding a subdivision to  
10.18 read:

10.19 Subd. 4b. **Termination prohibited if vendor fails to record contracts for deed**  
10.20 **involving residential real property.** (a) Notwithstanding subdivision 2a or any provision  
10.21 to the contrary in a contract for deed, a vendor may not terminate a contract for deed under  
10.22 this section if the contract has not been recorded as required under section 507.235,  
10.23 subdivision 1a, paragraph (b), or the vendor has failed to make a good faith effort to record  
10.24 the contract as provided under section 507.235, subdivision 1a, paragraph (d).

10.25 (b) Nothing contained in this subdivision bars judicial termination of a contract for deed.

10.26 (c) For the purposes of this subdivision, "contract for deed" has the meaning given in  
10.27 section 507.235, subdivision 1a, paragraph (e).

10.28 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to all contracts  
10.29 for deed executed by all parties on or after that date.

Sec. 9. Minnesota Statutes 2022, section 559.21, is amended by adding a subdivision to read:

**Subd. 9. Affidavit of seller constituting prima facie evidence.** In any instance where the copy of the notice of default, proof of service of the notice, and an affidavit showing that the purchaser has not complied with the terms of the notice have been or may be recorded, an affidavit of the seller, the seller's agent, or attorney verified by a person having knowledge of the facts and attesting that the seller is not an investor seller or that the seller has complied with the requirements of subdivision 4, paragraph (f), may be recorded with the county recorder or registrar of titles and is prima facie evidence of the facts stated in the affidavit.

**EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to contracts for deed executed by all parties on or after that date.

Sec. 10. Minnesota Statutes 2022, section 559.211, subdivision 1, is amended to read:

**Subdivision 1. Order; proceedings; security.** (a) In an action arising under or in relation to a contract for the conveyance of real estate or any interest therein, the district court, notwithstanding the service or publication pursuant to the provisions of section 559.21 of a notice of termination of the contract, has the authority at any time prior to the effective date of termination of the contract and subject to the requirements of rule 65 of the Rules of Civil Procedure for the District Courts to enter an order temporarily restraining or enjoining further proceedings to effectuate the termination of the contract, including recording of the notice of termination with proof of service, recording of an affidavit showing noncompliance with the terms of the notice, taking any action to recover possession of the real estate, or otherwise interfering with the purchaser's lawful use of the real estate. In the action, the purchaser may plead affirmatively any matter that would constitute a defense to an action to terminate the contract.

(b) Upon a motion for a temporary restraining order the court has the discretion, notwithstanding any rule of court to the contrary, to grant the order without requiring the giving of any security or undertaking, and in exercising that discretion, the court shall consider, as one factor, the moving party's ability to afford monetary security. Upon a motion for a temporary injunction, the court shall condition the granting of the order either upon the tender to the court or vendor of installments as they become due under the contract or upon the giving of other security in a sum as the court deems proper. Upon written application, the court may disburse from payments tendered to the court an amount the court determines necessary to insure the timely payment of property taxes, property insurance,

12.1 installments of special assessments, mortgage installments, prior contract for deed  
12.2 installments or other similar expenses directly affecting the real estate, or for any other  
12.3 purpose the court deems just.

12.4 (c) If a temporary restraining order or injunction is granted pursuant to this subdivision,  
12.5 the contract shall not terminate until the expiration of 15 days after the entry of the order  
12.6 or decision dissolving or modifying the temporary restraining order or injunction. If the  
12.7 vendor has made an appearance and the restraining order or injunction is granted, the court  
12.8 may award court filing fees, reasonable attorneys' fees, and costs of service to the purchaser.

12.9 (d) If the court subsequently grants permanent relief to the purchaser or determines by  
12.10 final order or judgment that the notice of termination was invalid or the purchaser asserted  
12.11 a valid defense, the purchaser is entitled to an order granting court filing fees, reasonable  
12.12 attorneys' fees, and costs of service.

12.13 **EFFECTIVE DATE.** This section is effective August 1, 2024.

12.14 Sec. 11. Minnesota Statutes 2022, section 559.213, is amended to read:

12.15 **559.213 PRIMA FACIE EVIDENCE OF TERMINATION.**

12.16 The recording, heretofore or hereafter, of the copy of notice of default, proof of service  
12.17 thereof, and the affidavit showing that the purchaser has not complied with the terms of the  
12.18 notice, provided for by ~~Minnesota Statutes 1941~~, section 559.21, shall be prima facie evidence  
12.19 that the contract referred to in such notice has been terminated. It shall not be necessary to  
12.20 pay current or delinquent real estate taxes owed on the real property which is the subject of  
12.21 the contract to record the documents required by this section, provided that the documents  
12.22 must be first presented to the county auditor for entry upon the transfer record and must  
12.23 have "Transfer Entered" noted in them over the county auditor's official signature.

12.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.25 Sec. 12. **[559A.01] CONTRACTS FOR DEED INVOLVING INVESTOR SELLERS**  
12.26 **AND RESIDENTIAL REAL PROPERTY; DEFINITIONS.**

12.27 Subdivision 1. **Application.** The definitions in this section apply to sections 559A.01  
12.28 to 559A.05.

12.29 Subd. 2. **Balloon payment.** "Balloon payment" means a scheduled payment of principal,  
12.30 interest, or both under a contract for deed that is significantly larger than the regular  
12.31 installment payments and that may be due prior to the end of the contract term or may be  
12.32 the final payment that satisfies the contract.

13.1 Subd. 3. **Churning.** "Churning" means the act of an investor seller executing a contract  
13.2 for deed on or after August 1, 2024, if previously the investor had frequently or repeatedly  
13.3 executed contracts for deed and subsequently terminated those contracts under section  
13.4 559.21.

13.5 Subd. 4. **Contract for deed.** "Contract for deed" has the meaning given in section  
13.6 507.235, subdivision 1a.

13.7 Subd. 5. **Investor seller.** (a) "Investor seller" means a person entering into a contract  
13.8 for deed to sell residential real property, or, in the event of a transfer or assignment of the  
13.9 seller's interest, the holder of the interest.

13.10 (b) An investor seller does not include a person entering into a contract for deed who  
13.11 is:

13.12 (1) a natural person who has owned and occupied the residential real property as the  
13.13 natural person's primary residence for a continuous 12-month period at any time prior to  
13.14 the execution of the contract for deed;

13.15 (2) any spouse, parent, child, sibling, grandparent, grandchild, uncle, aunt, niece, nephew,  
13.16 or cousin of the natural person;

13.17 (3) a personal representative of the natural person;

13.18 (4) a devisee of the natural person;

13.19 (5) a grantee under a transfer on death deed made by the natural person; or

13.20 (6) a trust whose settlor is the natural person;

13.21 (7) a trust whose beneficiary is a natural person where the trust or the natural person, or  
13.22 a combination of the two, has owned, and the natural person has occupied, the residential  
13.23 real property as the natural person's primary residence for a continuous 12-month period at  
13.24 any time prior to the execution of the contract for deed, or any spouse, parent, child, sibling,  
13.25 grandparent, grandchild, uncle, aunt, niece, nephew, or cousin of the natural person;

13.26 (8) a natural person selling on contract for deed to any spouse, parent, child, sibling,  
13.27 grandparent, grandchild, uncle, aunt, niece, nephew, or cousin; or

13.28 (9) a bank, credit union, or residential mortgage originator that is under the supervision  
13.29 of or regulated by the Office of the Comptroller of the Currency, the Federal Deposit  
13.30 Insurance Corporation, the National Credit Union Administration, or the Minnesota  
13.31 Department of Commerce.

(c) If, substantially contemporaneous with the execution of the contract for deed, the seller's interest is assigned or transferred to a person who does not meet any of the qualifications of paragraph (b), the assignee or transferee shall be deemed to be an investor seller who has executed the contract for deed.

Subd. 6. **Person.** "Person" means a natural person, partnership, corporation, limited liability company, association, trust, or other legal entity, however organized.

Subd. 7. **Purchase agreement.** "Purchase agreement" means a purchase agreement for a contract for deed, an earnest money contract, or an executed option contemplating that, at closing, the investor seller and the purchaser will enter into a contract for deed.

Subd. 8. **Purchaser.** "Purchaser" means a person who executes a contract for deed to purchase residential real property. Purchaser includes all purchasers who execute the same contract for deed to purchase residential real property.

Subd. 9. **Residential real property.** "Residential real property" means real property consisting of one to four family dwelling units, one of which is intended to be occupied as the principal place of residence by:

(1) the purchaser;

(2) if the purchaser is an entity, the natural person who is the majority or controlling owner of the entity; or

(3) if the purchaser is a trust, the settlor or beneficiary of the trust.

Residential real property does not include a transaction subject to sections 583.20 to 583.32.

**EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to contracts for deed executed by all parties on or after that date.

**Sec. 13. [559A.02] APPLICABILITY.**

This chapter applies only to residential real property where a purchaser is entering into a contract for deed with an investor seller. Either of the following statements included in a contract for deed in which the property is not residential real property or the seller is not an investor seller shall constitute prima facie evidence that this chapter does not apply to the contract for deed: "The property is not residential real property" or "The seller is not an investor seller." A person examining title to the property may rely on either statement.

**EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to contracts for deed executed by all parties on or after that date.

Sec. 14. **[559A.03] CONTRACTS FOR DEED INVOLVING INVESTOR SELLERS  
AND RESIDENTIAL REAL PROPERTY; DISCLOSURES.**

**Subdivision 1. Disclosures required.** (a) In addition to the disclosures required under sections 513.52 to 513.61, an investor seller must deliver to a prospective purchaser the disclosures specified under this section and instructions for cancellation as provided under section 559A.04, subdivision 2, paragraph (b).

(b) The disclosures must be affixed to the front of any purchase agreement executed between an investor seller and a prospective purchaser. The investor seller may not enter into a contract for deed with a prospective purchaser earlier than ten calendar days after the execution of the purchase agreement by all parties and provision by the investor seller of the disclosures required under this section and instructions for cancellation as required under section 559A.04, subdivision 2, paragraph (b).

(c) If there is no purchase agreement, an investor seller must provide the disclosures required under this section to the prospective purchaser no less than ten calendar days before the prospective purchaser executes the contract for deed. The disclosures must be provided in a document separate from the contract for deed. The investor seller may not enter into a contract for deed with a prospective purchaser earlier than ten calendar days after providing the disclosures to the prospective purchaser.

(d) The first page of the disclosures must contain the disclosures required in subdivisions 2, 3, and 4 of this section, in that order. The title must be centered, be in bold, capitalized, and underlined 20-point type, and read "IMPORTANT INFORMATION YOU NEED TO KNOW." The disclosures required under subdivisions 5 and 6 must follow in subsequent pages in that order.

(e) The investor seller must acknowledge delivery, and the purchaser must acknowledge receipt, of the disclosures by signing and dating the disclosures. The acknowledged disclosures shall constitute prima facie evidence that the disclosures have been provided as required by this section.

**Subd. 2. Disclosure of balloon payment.** (a) The investor seller must disclose the amount and due date of, if any, all balloon payments. For purposes of disclosure of a balloon payment, the investor seller may assume that all prior scheduled payments were timely made and no prepayments were made. If there is more than one balloon payment due, each one must be listed separately.

(b) The disclosure must be in the following form, with the title in 14-point type and the text in 12-point type:

16.1 **"BALLOON PAYMENT**

16.2 This contract contains a lump-sum balloon payment or several balloon payments. When  
16.3 the final balloon payment comes due, you may need to get mortgage or other financing to  
16.4 pay it off (or you will have to sell the property). Even if you are able to sell the property,  
16.5 you may not get back all the money you paid for it.

16.6 If you can't come up with this large amount - even if you have made all your monthly  
16.7 payments - the seller can cancel the contract.

16.8 **Amount of Balloon Payment** **When Balloon Payment is Due**

16.9 \$ (amount) (month, year)"

16.10 **Subd. 3. Disclosure of price paid by investor seller to acquire property.** (a) The  
16.11 investor seller must disclose to the purchaser the purchase price and the date of earliest  
16.12 acquisition of the property by the investor seller, unless the acquisition occurs more than  
16.13 one year prior to the execution of the contract for deed.

16.14 (b) The disclosure must be in the following form, with the title in 14-point type and the  
16.15 text in 12-point type:

16.16 **"INVESTOR SELLER'S PRICE TO BUY HOUSE BEING SOLD TO BUYER**

16.17 **Date Investor Seller Acquired Property:**

16.18 (date seller acquired ownership)

16.19 **Price Paid by Investor Seller to Acquire the Property:**

16.20 \$ (total purchase price paid by seller to acquire ownership)

16.21 **Contract for Deed Purchase Price:**

16.22 \$ (total sale price to the purchaser under the contract)"

16.23 (c) For the purposes of this subdivision, unless the acquisition occurred more than one  
16.24 year prior to the execution of the contract for deed, the person who first acquires the property  
16.25 is deemed to be the same person as the investor seller where the person who first acquires  
16.26 the property:

16.27 (1) is owned or controlled, in whole or in part, by the investor seller;

16.28 (2) owns or controls, in whole or in part, the investor seller;

16.29 (3) is under common ownership or control, in whole or in part, with the investor seller;



17.1 (4) is a spouse, parent, child, sibling, grandparent, grandchild, uncle, aunt, niece, nephew,  
 17.2 or cousin of the investor seller, or of the natural person who owns or controls, in whole or  
 17.3 in part, the investor seller; or

17.4 (5) is an entity owned or controlled, in whole or in part, by a person who is a spouse,  
 17.5 parent, child, sibling, grandparent, grandchild, uncle, aunt, niece, nephew, or cousin of the  
 17.6 investor seller, or of the natural person who owns or controls, in whole or in part, the investor  
 17.7 seller.

17.8 Subd. 4. **Disclosure of other essential terms.** (a) An investor seller must disclose to  
 17.9 the prospective purchaser the purchase price, the annual interest rate, the amount of any  
 17.10 down payment, and whether the purchaser is responsible for any or all of the following:  
 17.11 paying property taxes, acquiring homeowner's insurance, making repairs, and maintaining  
 17.12 the property.

17.13 (b) The disclosure must be in the following form, with the title in 14-point type and the  
 17.14 text in 12-point type:

17.15 **"COSTS AND ESSENTIAL TERMS"**

17.16	<u>1. Purchase Price:</u>	<u>\$ (price)</u>
17.17	<u>2. Annual Interest Rate:</u>	<u>(interest rate) %</u>
17.18	<u>3. Down payment:</u>	<u>\$ (down payment)</u>
17.19	<u>4. Monthly/Period Installments:</u>	<u>\$ (amount of installment payment)</u>

17.20 5. Taxes, Homeowner's Insurance, Repairs and Maintenance:

17.21 You (seller must circle one):

17.22	<u>(a) DO</u>	<u>DO NOT</u>	<u>have to pay property taxes</u>
17.23			<u>have to pay homeowner's</u>
17.24	<u>(b) DO</u>	<u>DO NOT</u>	<u>insurance</u>
17.25			<u>responsible for repairs and</u>
17.26	<u>(c) ARE</u>	<u>ARE NOT</u>	<u>maintenance."</u>

17.27 Subd. 5. **General disclosure.** (a) An investor seller must provide the prospective  
 17.28 purchaser with a general disclosure about contracts for deeds as provided in this subdivision.

17.29 (b) The disclosure must be in the following form, with the title in 18-point type, the titles  
 17.30 of the sections in 14-point type and underlined, and the text of each section in 12-point type,  
 17.31 with a double space between each section:

17.32 **"KNOW WHAT YOU ARE GETTING INTO BEFORE YOU SIGN"**

17.33 **1. How Contracts for Deed Work**

18.1 A contract for deed is a complicated legal arrangement. Be sure you know exactly what  
18.2 you are getting into before you sign a contract for deed. A contract for deed is **NOT** a  
18.3 mortgage. Minnesota's foreclosure protections do **NOT** apply.

18.4 **You should get advice from a lawyer or the Minnesota Homeownership Center**  
18.5 **before you sign the contract.** You can contact the Homeownership Center at  
18.6 1-(866)-462-6466 or go to [www.hocmn.org](http://www.hocmn.org).

18.7 **2. What If I Can't Make My Payments?**

18.8 If you don't make your monthly installment payment or the balloon payment, the seller  
18.9 can cancel the contract in only 120 days from the date you missed the payment. If the  
18.10 contract is cancelled, **you lose your home and all the money you have paid, including**  
18.11 **any down payment, all the monthly payments, and any improvements to the property**  
18.12 **you have made.**

18.13 If the contract contains a final lump-sum "balloon payment," you will need to get a  
18.14 mortgage or other financing to pay it off (**or you will have to sell the property**). If you  
18.15 can't come up with this large amount - even if you have made all your monthly payments  
18.16 - the seller can cancel the contract. **Even if you are able to sell the property, you may not**  
18.17 **get back all the money you have paid for it.**

18.18 **3. BEFORE YOU SIGN, YOU SHOULD:**

18.19 **A. Get an Independent, Professional Appraisal** of the property to learn what it's worth  
18.20 and make sure you are not overpaying for the house.

18.21 **B. Get an Independent, Professional Inspection** of the property because you will  
18.22 probably be responsible for maintaining and making repairs on the house.

18.23 **C. Buy Title Insurance** from a title insurance company or ask a lawyer for a "title  
18.24 opinion" to address or minimize potential title problems.

18.25 **4. YOUR RIGHTS BEFORE YOU SIGN**

18.26 **A. Waiting Period After Getting Disclosures** There is a 10 calendar day waiting period  
18.27 after you get these disclosures. The contract for deed cannot be signed by you or the seller  
18.28 during that 10 calendar day period.

18.29 **B. Cancelling a Purchase Agreement** You have 10 calendar days after you get these  
18.30 disclosures to cancel your purchase agreement and get back any money you paid."

18.31 Subd. 6. **Amortization schedule.** In a document separate from all others, an investor  
18.32 seller must provide to the prospective purchaser an amortization schedule consistent with

19.1 the contract for deed, including the portion of each installment payment that will be applied  
19.2 to interest and to principal and the amount and due date of any balloon payments.

19.3 Subd. 7. **Disclosures in other languages.** If the contract was advertised or primarily  
19.4 negotiated with the purchaser in a language other than English, the investor seller must  
19.5 provide the disclosures required in this section in the language in which the contract was  
19.6 advertised or primarily negotiated.

19.7 Subd. 8. **No waiver.** The provisions of this section may not be waived.

19.8 Subd. 9. **Effects of violation.** Except as provided in section 559A.05, subdivision 2, a  
19.9 violation of this section has no effect on the validity of the contract for deed.

19.10 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to contracts  
19.11 for deed executed by all parties on or after that date.

19.12 Sec. 15. **[559A.04] CONTRACTS FOR DEED INVOLVING INVESTOR SELLERS**  
19.13 **AND RESIDENTIAL REAL PROPERTY; RIGHTS AND REQUIREMENTS.**

19.14 Subdivision 1. **Requirement of investor seller if property subject to mortgage.** An  
19.15 investor may not execute a contract for deed that is subject to a mortgage with a due-on-sale  
19.16 clause and not expressly assumed by the contract for deed purchaser unless the investor  
19.17 seller has:

19.18 (1) procured a binding agreement with the mortgage holder whereby the holder either  
19.19 consents to the sale of the property to the purchaser by contract for deed or agrees not to  
19.20 exercise the holder's rights under a due-on-sale clause in the mortgage based on the contract  
19.21 for deed; and

19.22 (2) in the contract:

19.23 (i) disclosed the existence of the investor seller's mortgage;

19.24 (ii) covenants that the investor seller will perform all obligations under the mortgage;  
19.25 and

19.26 (iii) expressly represents to the purchaser that the seller has procured the binding  
19.27 agreement required under clause (1).

19.28 Subd. 2. **Right to cancel purchase agreement.** (a) A prospective purchaser may cancel  
19.29 a purchase agreement prior to the execution by all parties of the contract for deed or within  
19.30 ten calendar days of receiving the disclosures required under section 559A.03, whichever  
19.31 is earlier.

(b) In addition to the disclosures required under section 559A.03, an investor seller must provide the prospective purchaser with notice of the person to whom, and the mailing address to where, cancellation of the purchase agreement must be delivered or sent. Cancellation of the purchase agreement is effective upon personal delivery or upon mailing.

(c) In the event of cancellation or if no purchase agreement has been signed and the prospective purchaser elects not to execute the contract for deed, the investor seller may not impose a penalty or fee and must promptly refund all payments made by the prospective purchaser.

**Subd. 3. Duty of investor seller to account.** The investor seller must inform the purchaser in a separate writing of the right to request an annual accounting. Upon reasonable written request by the purchaser and no more than once every calendar year, an investor seller must provide an accounting of:

(1) all payments made pursuant to the contract for deed during the prior calendar year with payments allocated between interest and principal;

(2) any delinquent payments;

(3) the total principal amount remaining to satisfy the contract for deed; and

(4) the anticipated amounts and due dates of all balloon payments.

**Subd. 4. Churning prohibited.** (a) An investor seller is prohibited from churning. There shall be a rebuttable presumption that the investor seller has violated this subdivision if, on or after August 1, 2024, the investor seller executes a contract for deed and, within the previous 48 months, the investor seller either:

(1) had completed two or more termination proceedings under section 559.21 on the same residential real property being sold by the contract for deed; or

(2) had completed four or more termination proceedings under section 559.21 on contracts for deed for any residential real property, where terminated contracts comprise 20 percent or more of all contracts executed by the investor seller during that period.

(b) Nothing contained in this subdivision or in section 559A.01, subdivision 3, shall invalidate, impair, affect, or give rise to any cause of action with respect to any contract for deed or termination proceeding under section 559.21 used as a predicate to establish the presumption under paragraph (a).

21.1 (c) For the purposes of this subdivision, a person who sold residential real property on  
21.2 a contract for deed is deemed to be the same person as the investor seller where the person  
21.3 who sold on a contract for deed:

21.4 (1) is owned or controlled, in whole or in part, by the investor seller;

21.5 (2) owns or controls, in whole or in part, the investor seller;

21.6 (3) is under common ownership or control, in whole or in part, with the investor seller;

21.7 (4) is a spouse, parent, child, sibling, grandparent, grandchild, uncle, aunt, niece, nephew,  
21.8 or cousin of the investor seller, or of the natural person who owns or controls, in whole or  
21.9 in part, the investor seller; or

21.10 (5) is an entity owned or controlled, in whole or in part, by a person who is a spouse,  
21.11 parent, child, sibling, grandparent, grandchild, uncle, aunt, niece, nephew, or cousin of the  
21.12 investor seller, or of the natural person who owns or controls, in whole or in part, the investor  
21.13 seller.

21.14 Subd. 5. **Duty of investor seller to refund down payments.** If an investor seller  
21.15 terminates a contract for deed within 48 months of executing the contract, any portion of  
21.16 the down payment that exceeded ten percent of the purchase price shall be refunded to the  
21.17 purchaser within 180 days of the termination of the contract.

21.18 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to contracts  
21.19 for deed executed by all parties on or after that date.

21.20 Sec. 16. **[559A.05] CONTRACTS FOR DEED INVOLVING INVESTOR SELLERS**  
21.21 **AND RESIDENTIAL REAL PROPERTY; REMEDIES FOR VIOLATION.**

21.22 Subdivision 1. **Definition.** For the purposes of this section, "material violation of section  
21.23 559A.03" means:

21.24 (1) if applicable, failure to disclose any balloon payment as required under section  
21.25 559A.03, subdivision 2;

21.26 (2) failure to disclose the price paid by the investor seller under the contract for deed to  
21.27 acquire property as required under section 559A.03, subdivision 3;

21.28 (3) failure to disclose the other essential terms of the contact as required under section  
21.29 559A.03, subdivision 4;

21.30 (4) failure to provide the general disclosure in substantially the form required under  
21.31 section 559A.03, subdivision 5;

22.1 (5) failure to disclose the amortization schedule as required under section 559A.03,  
22.2 subdivision 6;

22.3 (6) a violation of section 559A.03, subdivision 1, paragraph (b) or (c);

22.4 (7) a violation of section 559A.03, subdivision 7; or

22.5 (8) a material omission or misstatement of any of the information required to be disclosed  
22.6 under section 559A.03.

22.7 Subd. 2. **Remedy for violation of disclosure requirements or churning.** (a)

22.8 Notwithstanding any provision in the purchase agreement or contract for deed to the contrary,  
22.9 a purchaser may, within two years of the execution of the contract for deed, bring an action  
22.10 for relief for a material violation of section 559A.03 or a violation of 559A.04, subdivision  
22.11 4. A prevailing purchaser may rescind a contract and, in conjunction with the rescission,  
22.12 may recover against the investor seller a sum equal to:

22.13 (1) all amounts paid by the purchaser under the contract for deed, including payments  
22.14 to third parties, less the fair rental value of the residential real property for the period of  
22.15 time the purchaser was in possession of the property;

22.16 (2) the reasonable value of any improvements to the residential real property made by  
22.17 the purchaser;

22.18 (3) actual, consequential, and incidental damages; and

22.19 (4) reasonable attorneys' fees and costs.

22.20 (b) A claim for rescission and a money judgment awarded under this subdivision shall  
22.21 not affect any rights or responsibilities of a successor in interest to the investor seller prior  
22.22 to the filing of a lis pendens in the action in which such relief is sought, unless it is established  
22.23 by clear and convincing evidence that the successor in interest had prior knowledge that  
22.24 the contract for deed was executed in violation of the requirements of section 559A.03 or  
22.25 559A.04, subdivision 4.

22.26 (c) A purchaser barred under paragraph (b) from making a claim against a successor in  
22.27 interest to the investor seller may, within two years of the execution of the contract for deed,  
22.28 bring a claim for violation of the requirements of section 559A.03 or 559A.04, subdivision  
22.29 4, against the original investor seller who entered into the contract for deed and may recover  
22.30 the greater of actual damages or statutory damages of \$5,000, plus reasonable attorneys'  
22.31 fees and costs. The original investor seller shall have no claim for indemnification or  
22.32 contribution against the successor in interest.

23.1 Subd. 3. **Remedy for failure of investor seller to procure agreement with mortgage**

23.2 **holder.** (a) If a mortgage holder commences foreclosure of its mortgage based on the sale  
23.3 to a purchaser under the contract for deed and notwithstanding any provision in the purchase  
23.4 agreement or contract for deed to the contrary, a purchaser may bring an action for the  
23.5 failure of the investor seller to procure the agreement with the mortgage holder as required  
23.6 under section 559A.04, subdivision 2. A prevailing purchaser may rescind a contract and  
23.7 may recover against the investor seller a sum equal to:

23.8 (1) all amounts paid by the purchaser under the contract for deed, including payments  
23.9 to third parties, less the fair rental value of the residential real property for the period of  
23.10 time the purchaser was in possession of the property;

23.11 (2) the reasonable value of any improvements to the residential real property made by  
23.12 the purchaser;

23.13 (3) actual, consequential, and incidental damages; and

23.14 (4) reasonable attorneys' fees and costs.

23.15 (b) An action under this subdivision may be brought at any time and is not subject to  
23.16 the statute of limitations in subdivision 2, provided that, at least 30 days prior to bringing  
23.17 the action, a purchaser must deliver a notice of violation to the investor seller under the  
23.18 contract for deed personally or by United States mail.

23.19 (c) An investor seller may cure the violation at any time prior to entry of a final judgment  
23.20 by delivering to the purchaser either evidence of the agreement with the mortgage holder  
23.21 as required under section 559A.04, subdivision 2, or evidence that the mortgage holder has  
23.22 abandoned foreclosure of the mortgage. If the violation is cured, the purchaser's action must  
23.23 be dismissed. An investor seller is liable to the purchaser for reasonable attorneys' fees and  
23.24 court costs if the seller delivers evidence of the mortgage holder's agreement or abandonment  
23.25 of the foreclosure after the purchaser has commenced the action.

23.26 (d) Nothing in this subdivision shall be construed to bar or limit any other claim by a  
23.27 purchaser arising from the investor seller's breach of a senior mortgage.

23.28 Subd. 4. **Defense to termination.** A purchaser's right to the remedy under subdivision  
23.29 2 or 3 shall constitute grounds for injunctive relief under section 559.211.

23.30 Subd. 5. **Effect of action on title.** An action under subdivision 2 or 3 is personal to the  
23.31 purchaser only, does not constitute an interest separate from the purchaser's interest in the  
23.32 contract for deed, and may not be assigned except to a successor in interest.

24.1 Subd. 6. **Rights cumulative.** The rights and remedies provided in this section are  
24.2 cumulative to, and not a limitation of, any other rights and remedies provided under law  
24.3 and at equity. Nothing in this chapter shall preclude a court from construing a contract for  
24.4 deed as an equitable mortgage.

24.5 Subd. 7. **Public enforcement.** The attorney general has authority under section 8.31 to  
24.6 investigate and prosecute violations of sections 559A.03 and 559A.04, subdivision 4.

24.7 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to all contracts  
24.8 for deed executed by all parties on or after that date.

24.9 Sec. 17. **REPEALER.**

24.10 Minnesota Statutes 2022, sections 559.201; and 559.202, are repealed.

24.11 **EFFECTIVE DATE.** This section is effective August 1, 2024.



### 559.201 DEFINITIONS.

Subdivision 1. **Application.** The definitions in this section apply to section 559.202.

Subd. 2. **Business day.** "Business day" means any day other than a Saturday, Sunday, or holiday as defined in section 645.44, subdivision 5.

Subd. 3. **Family farm security loan.** "Family farm security loan" has the meaning given in Minnesota Statutes 2008, section 41.52, subdivision 5.

Subd. 4. **Multiple seller.** "Multiple seller" means a person that has acted as a seller in four or more contracts for deed involving residential real property during the 12-month period that precedes either: (1) the date on which the purchaser executes a purchase agreement under section 559.202; or (2) if there is no purchase agreement, the date on which the purchaser executes a contract for deed under section 559.202. A contract for deed transaction that is exempt under section 559.202, subdivision 2, is a contract for deed for the purposes of determining whether a seller is a multiple seller.

Subd. 5. **Person.** "Person" means a natural person, partnership, corporation, limited liability company, association, trust, or other legal entity, however organized.

Subd. 6. **Purchase agreement.** "Purchase agreement" means a purchase agreement for a contract for deed, an earnest money contract, or an executed option contemplating that, at closing, the seller and the purchaser will enter into a contract for deed.

Subd. 7. **Purchaser.** "Purchaser" means a natural person who enters into a contract for deed to purchase residential real property. Purchaser includes all purchasers who enter into the same contract for deed to purchase residential real property.

Subd. 8. **Residential real property.** "Residential real property" means real property consisting of one to four family dwelling units, one of which the purchaser intends to occupy as the purchaser's principal place of residence. Residential real property does not include property subject to a family farm security loan or a transaction subject to sections 583.20 to 583.32.

### 559.202 CONTRACTS FOR DEED INVOLVING RESIDENTIAL PROPERTY.

Subdivision 1. **Notice required.** (a) In addition to the disclosures required under sections 513.52 to 513.60, a multiple seller must deliver the notice specified under subdivision 3 to a prospective purchaser as provided under this subdivision.

(b) If there is a purchase agreement, the notice must be affixed to the front of the purchase agreement. A contract for deed for which notice is required under this subdivision may not be executed for five business days following the execution of the purchase agreement and delivery of the notice and instructions for cancellation.

(c) If there is no purchase agreement, a multiple seller must deliver the notice in a document separate from any other document or writing to a prospective purchaser no less than five business days before the prospective purchaser executes the contract for deed.

(d) The notice must be:

- (1) written in at least 12-point type; and
- (2) signed and dated by the purchaser.

(e) If a dispute arises concerning whether or when the notice required by this subdivision was provided to the purchaser, there is a rebuttable presumption that the notice was not provided unless the original executed contract for deed contains the following statement, initialed by the purchaser: "By initialing here ..... purchaser acknowledges receipt at least five business days before signing this contract for deed of the disclosure statement entitled "Important Information About Contracts for Deed" required by Minnesota Statutes, section 559.202, subdivision 3."

Subd. 2. **Exception.** This section does not apply to sales made under chapter 282 or if the purchaser is represented throughout the transaction by either:

- (1) a person licensed to practice law in this state; or
- (2) a person licensed as a real estate broker or salesperson under chapter 82, provided that the representation does not create a dual agency, as that term is defined in section 82.55, subdivision 6.

Subd. 3. **Content of the notice.** The notice must contain the following verbatim language:

**"IMPORTANT INFORMATION ABOUT CONTRACTS FOR DEED**

**Know What You Are Getting Into**

- (1) A contract for deed is a complex legal agreement. You are NOT a tenant. Mortgage foreclosure laws don't apply.
- (2) You should know ALL of your obligations and rights before you sign a purchase agreement or contract for deed.
- (3) You (seller must circle one):
  - (a) DO DO NOT have to pay homeowner's insurance.
  - (b) DO DO NOT have to pay property taxes.
  - (c) DO DO NOT have to make and pay for some or all of the repairs or maintenance, as described in the contract for deed.
- (4) After some time, you may need to make a large lump sum payment (called a "balloon payment"). Know when it is due and how much it will be. You'll probably need to get a new mortgage, another financial arrangement, or pay for the balance in cash at that time.
- (5) If you miss just a single payment or can't make the balloon payment, the seller can cancel your contract. You will likely lose all the money you have already paid. You will likely lose your ability to purchase the home. The seller can begin an eviction action against you in just a few months.
- (6) Within four months of signing the contract for deed, you must "record" it in the office of the county recorder or registrar of titles in the county in which the property is located. If you do not do so, you could face a fine.

**Key Things Highly Recommended Before You Sign**

- (1) Get advice from a lawyer or the Minnesota Home Ownership Center at 1-866-462-6466 or go to [www.hocmn.org](http://www.hocmn.org). To find a lawyer through the Minnesota State Bar Association, go to [www.mnfindalawyer.com](http://www.mnfindalawyer.com).
- (2) Get an independent, professional appraisal of the property to learn what it is worth.
- (3) Get an independent, professional inspection of the property.
- (4) Buy title insurance or ask a real estate lawyer for a "title opinion."
- (5) Check with the city or county to find out if there are inspection reports or unpaid utility bills.
- (6) Check with a title agent or the county where the property is located to find out if there is a mortgage or other lien on the property and if the property taxes have been paid.
- (7) Ensure that your interest rate does not exceed the maximum allowed by law by calling the Department of Commerce to get a recorded message for the current month's maximum rate.

**If You Are Entering into a Purchase Agreement**

- (1) If you haven't already signed the contract for deed, you can cancel the purchase agreement (and get all your money back) if you do so within five business days after getting this notice.
- (2) To cancel the purchase agreement, you must follow the provisions of Minnesota Statutes, section 559.217, subdivision 4. Ask a lawyer for help."

Subd. 4. **Right to cancel purchase agreement.** (a) A prospective purchaser may cancel a purchase agreement within five business days after actually receiving the notice required under subdivision 1 if a multiple seller fails to timely deliver the notice, provided that the contract for deed has not been executed by all parties.

(b) A prospective purchaser may cancel the purchase agreement in accordance with the provisions of section 559.217, subdivision 4.

(c) In the event of cancellation, the multiple seller may not impose a penalty and must promptly refund all payments made by the prospective purchaser prior to cancellation.

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Subd. 5. **Remedies for failure to timely deliver notices.** (a) Notwithstanding any contrary provision in the purchase agreement or contract for deed, a purchaser has a private right of action against a multiple seller who fails to timely deliver the notice required under subdivision 1. The multiple seller is liable to the purchaser for:

- (1) the greater of actual damages or statutory damages of \$2,500; and
- (2) reasonable attorney fees and court costs.

(b) A multiple seller who knowingly fails to timely deliver the notice required under subdivision 1 is liable to the purchaser for triple the actual or statutory damages available under paragraph (a), whichever is greater, provided that the purchaser must elect the remedy provided under either paragraph (a) or this paragraph and may not recover damages under both paragraphs.

(c) The rights and remedies provided in this subdivision are cumulative to, and not a limitation of, any other rights and remedies provided under law. An action brought pursuant to this subdivision must be commenced within four years from the date of the alleged violation.

Subd. 6. **Effects of violation.** A violation of this section has no effect on the validity of the contract.

Subd. 7. **Duty of multiple seller to account.** Upon reasonable request by the purchaser and no more than once every 12-month period, a multiple seller must provide an accounting of all payments made pursuant to the contract for deed, the amount of interest paid, and the amount remaining to satisfy the principal balance under the contract.

Subd. 8. **No waiver.** The provisions of this section may not be waived.