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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 829

- 02/21/2013 Authored by Allen, Hornstein, Simon, Moran, Clark and others
The bill was read for the first time and referred to the Committee on Housing Finance and Policy
- 03/11/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Civil Law
- 03/18/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Judiciary Finance and Policy
- 03/21/2013 Adoption of Report: Pass and Read Second Time
- 04/29/2013 Calendar for the Day
Read Third Time
Passed by the House and transmitted to the Senate

1.1 A bill for an act
 1.2 relating to housing; landlord and tenant; imposing civil penalty for certain
 1.3 violations; amending certain provisions relating to tenants holding over;
 1.4 modifying certain time for appeal and notice of hearing; making technical,
 1.5 clarifying, and conforming changes; amending Minnesota Statutes 2012,
 1.6 sections 504B.151, subdivision 1; 504B.285, subdivisions 1a, 1b; 504B.371,
 1.7 subdivision 2; 504B.385, subdivision 5; repealing Minnesota Statutes 2012,
 1.8 section 504B.285, subdivision 1c.

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

1.10 Section 1. Minnesota Statutes 2012, section 504B.151, subdivision 1, is amended to
 1.11 read:

1.12 Subdivision 1. **Limitation on lease and notice to tenant.** (a) Once a landlord has
 1.13 received notice of a contract for deed cancellation under section 559.21 or notice of a
 1.14 mortgage foreclosure sale under chapter 580 or 582, or summons and complaint under
 1.15 chapter 581, the landlord may only enter into (i) a periodic residential lease agreement
 1.16 with a term of not more than two months or the time remaining in the contract cancellation
 1.17 period or the mortgagor's redemption period, whichever is less or (ii) a fixed term
 1.18 residential tenancy not extending beyond the cancellation period or the landlord's period
 1.19 of redemption until:

- 1.20 (1) the contract for deed has been reinstated or paid in full;
- 1.21 (2) the mortgage default has been cured and the mortgage reinstated;
- 1.22 (3) the mortgage has been satisfied;
- 1.23 (4) the property has been redeemed from a foreclosure sale; or
- 1.24 (5) a receiver has been appointed.

1.25 (b) Before entering into a lease under this section and accepting any rent or security
 1.26 deposit from a tenant, the landlord must notify the prospective tenant in writing that the

2.1 landlord has received notice of a contract for deed cancellation or notice of a mortgage
2.2 foreclosure sale as appropriate, and the date on which the contract cancellation period or
2.3 the mortgagor's redemption period ends.

2.4 (c) This section does not apply to a manufactured home park as defined in section
2.5 327C.01, subdivision 5.

2.6 (d) A landlord who violates the requirements in this subdivision is liable to the lessee
2.7 for a civil penalty of \$500, unless the landlord falls under the exception in subdivision 2.
2.8 The remedy provided under this paragraph is in addition to and shall not limit other rights
2.9 or remedies available to landlords and tenants.

2.10 Sec. 2. Minnesota Statutes 2012, section 504B.285, subdivision 1a, is amended to read:

2.11 Subd. 1a. **Grounds when the person holding over is a tenant in a foreclosed**
2.12 **residential property.** (a) ~~For any eviction action commenced on or before December 31,~~
2.13 ~~2014,~~ With respect to residential real property or a dwelling where the person holding the
2.14 residential real property or dwelling after the expiration of the time for redemption on
2.15 foreclosure of a mortgage was a tenant during the redemption period under a lease of any
2.16 duration, and the lease began after the date the mortgage was executed, but prior to the
2.17 expiration of the time for redemption, the immediate successor in interest must provide
2.18 at least 90 days' written notice to vacate, given no sooner than the date of the expiration
2.19 of the time for redemption, and effective no sooner than 90 days after the date of the
2.20 expiration of the time for redemption, provided that the tenant pays the rent and abides
2.21 by all terms of the lease.

2.22 (b) ~~For any eviction action commenced on or before December 31, 2014,~~ With
2.23 respect to residential real property or a dwelling where the term of a bona fide lease
2.24 extends more than 90 days beyond the date of the expiration of the time for redemption,
2.25 the immediate successor in interest must allow the tenant to occupy the premises until
2.26 the end of the remaining term of the lease, and provide at least 90 days' written notice to
2.27 vacate, effective no sooner than the date the lease expires, provided that the tenant pays the
2.28 rent and abides by all terms of the lease, except if the immediate successor in interest or an
2.29 immediate subsequent bona fide purchaser will occupy the unit as the primary residence,
2.30 the immediate successor in interest must provide at least 90 days' written notice to vacate,
2.31 given no sooner than the date of the expiration of the time for redemption, effective no
2.32 sooner than 90 days after the date of the expiration of the time for redemption, provided
2.33 that the tenant pays the rent and abides by all terms of the lease.

2.34 For purposes of this section, a "bona fide lease" means:

2.35 (1) the mortgagor or the child, spouse, or parent of the mortgagor is not the tenant;

- 3.1 (2) the lease or tenancy was the result of an arm's-length transaction; and
 3.2 (3) the lease or tenancy requires the receipt of rent that is not substantially less than
 3.3 fair market rent for the property or the unit's rent is reduced or subsidized by a federal,
 3.4 state, or local subsidy.

3.5 (c) ~~For any eviction action commenced on or before December 31, 2014,~~ With respect
 3.6 to residential real property or a dwelling involving a tenancy subject to section 8 of the
 3.7 United States Housing Act of 1937, as amended, where the term of the lease extends more
 3.8 than 90 days beyond the date of the expiration of the time for redemption, the immediate
 3.9 successor in interest must allow the tenant to occupy the premises until the end of the
 3.10 remaining term of the lease and provide at least 90 days' written notice to vacate, effective
 3.11 no sooner than the date the lease expires, provided that the tenant pays the rent and abides
 3.12 by all terms of the lease, except if the immediate successor in interest will occupy the unit
 3.13 as the primary residence, the immediate successor in interest must provide at least 90 days'
 3.14 written notice to vacate, given no sooner than the date of the expiration of the time for
 3.15 redemption, effective no sooner than 90 days after the date of the expiration of the time for
 3.16 redemption, provided that the tenant pays the rent and abides by all terms of the lease.

3.17 Sec. 3. Minnesota Statutes 2012, section 504B.285, subdivision 1b, is amended to read:

3.18 Subd. 1b. **Grounds when the person holding over is a tenant in a property**
 3.19 **subject to a contract for deed.** ~~For any eviction action commenced on or before~~
 3.20 ~~December 31, 2014,~~ The person entitled to the premises may recover possession by
 3.21 eviction when any person holds over real property after termination of contract to convey
 3.22 the property, provided that if the person holding the real property after the expiration of
 3.23 the time for termination was a tenant during the termination period under a lease of any
 3.24 duration and the lease began after the date the contract for deed was executed but prior to
 3.25 the expiration of the time for termination, and the person has received:

3.26 (1) at least two months' written notice to vacate no sooner than one month after the
 3.27 expiration of the time for termination, provided that the tenant pays the rent and abides by
 3.28 all terms of the lease; or

3.29 (2) at least two months' written notice to vacate no later than the date of the expiration
 3.30 of the time for termination, which notice shall also state that the sender will hold the tenant
 3.31 harmless for breaching the lease by vacating the premises if the contract is reinstated.

3.32 Sec. 4. Minnesota Statutes 2012, section 504B.371, subdivision 2, is amended to read:

3.33 Subd. 2. **Time for appeal.** A party who feels aggrieved by the judgment may appeal
 3.34 within ~~ten~~ 15 days as provided for civil actions in district court.

4.1 Sec. 5. Minnesota Statutes 2012, section 504B.385, subdivision 5, is amended to read:

4.2 Subd. 5. **Notice of hearing.** (a) A hearing must be held within ten to 14 days
4.3 from the day a residential tenant:

4.4 (1) deposits rent with the court administrator; or

4.5 (2) files the notice required under subdivision 1, paragraph (b) or (c), if the tenant is
4.6 not required to deposit rent with the court administrator under subdivision 1, paragraph (d).

4.7 Nothing in this subdivision relieves the tenant of the obligation to deposit rent that becomes
4.8 due to the landlord after the filing but before the hearing with the court administrator.

4.9 (b) If the cost of remedying the violation, as estimated by the residential tenant, is
4.10 within the jurisdictional limit for conciliation court, the court administrator shall notify the
4.11 landlord and the residential tenant of the time and place of the hearing by first class mail.

4.12 (c) The residential tenant must provide the court administrator with the landlord's
4.13 name and address. If the landlord has disclosed a post office box as the landlord's address
4.14 under section 504B.181, notice of the hearing may be mailed to the post office box.

4.15 (d) If the cost of remedying the violation, as estimated by the tenant, is above the
4.16 jurisdictional limit for conciliation court, the tenant must serve the notice of hearing
4.17 according to the Minnesota Rules of Civil Procedure.

4.18 (e) The notice of hearing must specify the amount the residential tenant has
4.19 deposited with the court administrator and must inform the landlord that possession of the
4.20 premises will not be in issue at the hearing unless the landlord files a counterclaim for
4.21 possession or an eviction action.

4.22 Sec. 6. **REPEALER.**

4.23 Minnesota Statutes 2012, section 504B.285, subdivision 1c, is repealed.

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

**504B.285 EVICTION ACTIONS; GROUNDS; RETALIATION DEFENSE;
COMBINED ALLEGATIONS.**

Subd. 1c. **Grounds for evictions on or after January 1, 2015.** For any eviction action commenced on or after January 1, 2015, the person entitled to the premises may recover possession by eviction when any person holds over real property after the expiration of the time for redemption on foreclosure of a mortgage, or after termination of contract to convey the property, provided that if the person holding the real property after the expiration of the time for redemption or termination was a tenant during the redemption or termination period under a lease of any duration, and the lease began after the date the mortgage or contract for deed was executed, but prior to the expiration of the time for redemption or termination and the person holding the premises has received:

(1) at least two months' written notice to vacate no sooner than one month after the expiration of the time for redemption or termination, provided that the tenant pays the rent and abides by all terms of the lease; or

(2) at least two months' written notice to vacate no later than the date of the expiration of the term for redemption or termination, which notice shall also state that the sender will hold the tenant harmless for breaching the lease by vacating the premises if the mortgage is redeemed or the contract is reinstated.