
CHAPTER 170—H.F.No.777

An act relating to agriculture; the family farm security program; eliminating first mortgage requirements for seller-sponsored loans; authorizing retention of land by sellers in lieu of payment of loan guarantees; authorizing sharing of excess proceeds from default sale; allowing payment adjustments for certain loans with unequal annual payments; amending Minnesota Statutes 1976, Sections 41.52, Subdivisions 5 and 8; 41.54, Subdivision 2; 41.56, Subdivisions 3 and 4; 41.57, Subdivision 2; and 41.58, Subdivision 2.

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

Section 1. Minnesota Statutes 1976, Section 41.52, Subdivision 5, is amended to read:

Subd. 5. **AGRICULTURE; FAMILY FARM SECURITY PROGRAM.** "Family farm security loan", except in the case of a seller-sponsored loan, means a loan secured by a first real estate mortgage. It shall be used for acquisition of farm land and shall be approved by the commissioner. This loan shall be guaranteed and may qualify for a payment adjustment as defined in subdivision 10 and may be a seller-sponsored loan as defined in subdivision 8.

Sec. 2. Minnesota Statutes 1976, Section 41.52, Subdivision 8, is amended to read:

Subd. 8. "Seller-sponsored loan" means a loan in which part or all of the purchase price of the farm is financed by a loan from the seller of the property who is a natural person or a family farm corporation as defined in section 500.24, and the remainder of the loan, if any, is supplied by a lender as defined in subdivision 7. This loan shall be secured by a ~~first~~ real estate mortgage evidenced by one or more notes that may carry different interest rates.

Sec. 3. Minnesota Statutes 1976, Section 41.54, Subdivision 2, is amended to read:

Subd. 2. **TERMS AND COMPENSATION.** The council shall expire and the terms, compensation and removal of members of the council shall be governed by section 15.059. The council shall meet monthly or more often as needed. Initial members shall be appointed for terms as follows: (a) for terms ending the first Monday in January, 1979: one officer from a commercial lending institution, the dairy farmer, and the cash grain farmer; ~~and the representative of consumers~~; and (b) for terms ending the first Monday in January, 1980: the remaining members.

Sec. 4. Minnesota Statutes 1976, Section 41.56, Subdivision 3, is amended to read:

Subd. 3. **DEFAULT, FILING CLAIM.** Within 90 days of a default on a guaranteed family farm security loan, the lender shall send notice to the applicant stating that the commissioner must be notified if the default continues for ~~another 90~~ 180 days, and the consequences of that default. The lender and the applicant may agree to take any steps

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reasonable to assure the fulfillment of the loan obligation.

After 180 days from the initial default, if the applicant has not made arrangements to meet his obligation, the lender shall file a claim with the commissioner, identifying the loan and the nature of the default, and assigning to the state all of the lender's security and interest in the loan in exchange for payment according to the terms of the family farm security loan guarantee. In the case of a seller-sponsored loan, the seller may elect to pay the commissioner all sums owed the commissioner by the applicant and retain title to the property in lieu of payment by the commissioner under the terms of the loan guarantee. If the commissioner determines that the terms of the family farm security loan guarantee have been met, he shall authorize payment of state funds to the lender, and shall notify the defaulting party. The state of Minnesota shall then become the holder of the mortgage and taxes shall be levied and paid on the land as though the owner were a natural person and not a political subdivision of the state. The commissioner may, on behalf of the state, commence foreclosure proceedings in the manner provided by law.

Sec. 5. Minnesota Statutes 1976, Section 41.56, Subdivision 4, is amended to read:

Subd. 4. **SALE OF DEFAULTED PROPERTY.** In the event that title to the property is acquired by the state, upon conveyance of title to the state and expiration of the period of redemption, the commissioner shall, within 15 days of the expiration of such period, undertake to sell the property by publishing a notice of the impending sale at least once each week for four successive weeks in a legal newspaper and also in a newspaper of general distribution in the county in which the property to be sold is situated. Such notice shall specify the time and place in the county at which the sale will commence, a description of the lots or tracts to be offered, and a general statement of the terms of sale. Except as further provided in this subdivision, the terms and method of sale shall be determined by the commissioner. The commissioner shall sell the property to the highest bidder as determined by taking sealed bids or by public auction, provided that in either event he shall select the successful bidder within 15 days of the date of the last published notice of sale. Bidders shall submit bid security in the form of a certified check or bid bond in the amount of two percent of their bid price and the successful bidder shall remit the balance of the purchase price to the commissioner within 90 days of the date of sale. Upon remittance of such balance within 90 days of the date of sale, the commissioner shall transfer title to the property to the purchaser by quitclaim deed. In the event that the purchaser fails to remit any part of such balance within 90 days of the date of sale, the purchaser shall forfeit all rights to the property and any moneys paid thereon and the state shall recommence the sale process as specified in this subdivision. Proceeds from the sale of a parcel of property obtained by the state pursuant to this section shall be paid into the special account authorized in section 41.61, subdivision 1, to the extent that funds from the special account were disbursed according to the terms of the family farm security loan guarantee and into the general fund to the extent that funds were disbursed as payment adjustments by the commissioner. ~~Proceeds in excess of the amount disbursed from the special fund these amounts shall be paid into the general fund to the lender to the extent that payment to the lender pursuant to the loan guarantee was less than the money due and payable to the lender under the family farm security loan. Additional proceeds, if any, shall be paid into the general fund.~~

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Sec. 6. Minnesota Statutes 1976, Section 41.57, Subdivision 2, is amended to read:

Subd. 2. **PAYMENT ADJUSTMENT.** To be eligible for payment adjustment a family farm security loan shall have a maximum term of 20 years and shall provide for payments at least annually so that the loan shall be amortized over its term with equal annual payments of principal and interest, except that a loan to be amortized over a term of ten years or less need not provide for equal annual payments of principal and interest. During the first ten years of a family farm security loan, the commissioner shall annually pay to the lender four percent of the outstanding balance due at the beginning of that year and the applicant shall pay the remainder of the payment due. After the tenth year, the applicant shall make payments according to the stated interest rate. The applicant may petition the commissioner for one ten year renewal of the payment adjustment. If a renewal is granted, in the 21st year the applicant shall reimburse the commissioner for the sums paid on the applicant's behalf under this subdivision. If no renewal is granted, the applicant shall reimburse the commissioner in the 11th year for the sums paid on the applicant's behalf under this subdivision. The obligation to repay the payment adjustment shall be a lien against the property.

Sec. 7. Minnesota Statutes 1976, Section 41.58, Subdivision 2, is amended to read:

Subd. 2. **NEGOTIABILITY AND MARKETABILITY.** A seller-sponsored loan shall be secured by a purchase money ~~first~~ real estate mortgage evidenced by negotiable note or notes as defined in section 336.3-104. The commissioner must be notified in writing within 30 days after a family farm security loan note is sold or exchanged.

Sec. 8. **EFFECTIVE DATE.** Sections 1 to 7 are effective the day following final enactment.

Approved May 19, 1977.

CHAPTER 171—H.F.No.1099

An act relating to retirement; proportionate vesting of volunteer firemen's relief association service pensions; amending Minnesota Statutes 1976, Sections 69.06; and 69.772, Subdivision 2.

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

Section 1. Minnesota Statutes 1976, Section 69.06, is amended to read:

69.06 FIREMEN'S RELIEF ASSOCIATIONS; SERVICE PENSIONS. Every fire department relief association organized under any laws of this state when its certificate of incorporation or bylaws so provide may pay out of any funds received from the state, or other source, a service pension in such amount, not exceeding ~~\$80~~ \$60 per month, as hereinafter authorized, or as may be provided by its bylaws, to each of its members who has heretofore retired or may hereafter retire, who has reached or shall hereafter reach the

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