

462.426; 462.427; 462.428; 462.429; 462.4291; 462.432; 462.435; 462.441; 462.445; 462.451; 462.455; 462.461; 462.465; 462.466; 462.471; 462.475; 462.481; 462.485; 462.491; 462.495; 462.501; 462.505; 462.511; 462.515; 462.521; 462.525; 462.531; 462.535; 462.541; 462.545; 462.551; 462.555; 462.556; 462.561; 462.565; 462.571; 462.575; 462.581; 462.585; 462.591; 462.595; 462.601; 462.605; 462.611; 462.615; 462.621; 462.625; 462.631; 462.635; 462.641; 462.645; 462.651; 462.655; 462.661; 462.665; 462.671; 462.675; 462.681; 462.685; 462.691; 462.695; 462.701; 462.705; 462.712; 462.713; 462.714; 462.715; 462.716; 465.026; 465.53; 465.55; 465.56; 472.01; 472.02; 472.03; 472.04; 472.05; 472.06; 472.07; 472.08; 472.09; 472.10; 472.11; 472.12; 472.125; 472.13; 472.14; 472.15; 472.16; 472A.01; 472A.02; 472A.03; 472A.04; 472A.05; 472A.06; 472A.07; 472A.09; 472A.10; 472A.11; 472A.12; 472A.13; 472B.01; 472B.02; 472B.03; 472B.04; 472B.05; 472B.06; 472B.07; 472B.08; 474.01; 474.02; 474.03; 474.04; 474.05; 474.06; 474.07; 474.08; 474.09; 474.10; 474.11; 474.13; 474.15; Laws 1961, chapter 545; Laws 1963, chapters 254; and 827; Laws 1967, chapter 541; Laws 1969, chapter 98; Laws 1973, chapter 114; Laws 1974, chapter 218; Laws 1975, chapter 326; Laws 1976, chapter 234, section 3; Laws 1979, chapter 269, section 1; Laws 1980, chapters 453; and 595, sections 5 and 8; Laws 1982, chapter 523, article 24, section 2; Laws 1983, chapters 110; and 257, section 1; Laws 1984, chapters 397; 498; and 548, section 9; and Laws 1985, chapters 173; 177; 188; 189; 192; 199; 205; 206, sections 2 and 3; and 301, sections 3 and 4; are repealed.

Approved May 28, 1987

CHAPTER 292—S.F.No. 89

An act relating to agriculture; clarifying and amending the farmer-lender mediation act; amending Minnesota Statutes 1986, sections 336.9-501; 514.960, subdivisions 2 and 4; 550.365; 559.209; 580.031; 581.015; 583.22, subdivisions 2, 7b, and 8, and by adding a subdivision; 583.24, subdivision 1, and by adding a subdivision; 583.26, subdivisions 1, 2, 3, 4, 5, 6, and 9, and by adding a subdivision; 583.27, subdivisions 1, 3, and 4; and 583.285; proposing coding for new law in Minnesota Statutes, chapters 514, 550, 559, and 583; repealing Minnesota Statutes 1986, section 583.24, subdivision 3.

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

Section 1. **[550.366] JUDGMENTS ON DEBTS RELATED TO AGRICULTURAL PROPERTY.**

Subdivision 1. DEFINITIONS. For purposes of this section the following terms have the meanings given:

(a) AGRICULTURAL PROPERTY. "Agricultural property" means personal property that is used in a farm operation.

(b) FARM DEBTOR. "Farm debtor" means a person who has incurred debt while in the operation of a family farm, a family farm corporation, or an authorized farm corporation as defined in section 500.24, subdivision 2.

Changes or additions are indicated by underline, deletions by strikeout.

Subd. 2. LIMITS ON EXECUTION. A judgment for the unpaid balance of a debt on agricultural property owed by a farm debtor may not be executed upon real or personal property after three years from the date the judgment was entered.

Subd. 3. ATTACHMENT TO NEWLY ACQUIRED PROPERTY. A judgment for the unpaid balance of a debt on agricultural property owed by a farm debtor does not attach to real or personal property that is acquired by the farm debtor after the judgment is entered.

Sec. 2. Minnesota Statutes 1986, section 336.9-501, is amended to read:

336.9-501 DEFAULT; PROCEDURE WHEN SECURITY AGREEMENT COVERS BOTH REAL AND PERSONAL PROPERTY.

(1) When a debtor is in default under a security agreement, a secured party has the rights and remedies provided in this part and except as limited by subsection (3) those provided in the security agreement. The secured party may reduce a claim to judgment, foreclose, or otherwise enforce the security interest by any available judicial procedure. If the collateral is documents the secured party may proceed either as to the documents or as to the goods covered thereby. A secured party in possession has the rights, remedies, and duties provided in section 336.9-207. The rights and remedies referred to in this subsection are cumulative.

(2) After default, the debtor has the rights and remedies provided in this part, those provided in the security agreement, and those provided in section 336.9-207.

(3) To the extent that they give rights to the debtor and impose duties on the secured party, the rules stated in the subsections referred to below may not be waived or varied except as provided with respect to compulsory disposition of collateral (subsection (3) of section 336.9-504 and section 336.9-505) and with respect to redemption of collateral (section 336.9-506) but the parties may by agreement determine the standards by which the fulfillment of these rights and duties is to be measured if such standards are not manifestly unreasonable:

(a) Subsection (2) of section 336.9-502 and subsection (2) of section 336.9-504 insofar as they require accounting for surplus proceeds of collateral;

(b) Subsection (3) of section 336.9-504 and subsection (1) of section 336.9-505 which deal with disposition of collateral;

(c) Subsection (2) of section 336.9-505 which deals with acceptance of collateral as discharge of obligation;

(d) Section 336.9-506 which deals with redemption of collateral; and

(e) Subsection (1) of section 336.9-507 which deals with the secured party's liability for failure to comply with this part.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(4) If the security agreement covers both real and personal property, the secured party may proceed under this part as to the personal property or may proceed as to both the real and the personal property in accordance with the secured party's rights and remedies in respect of the real property in which case the provisions of this part do not apply.

(5) When a secured party has reduced a claim to judgment the lien of any levy which may be made upon collateral by virtue of any execution based upon the judgment shall relate back to the date of the perfection of the security interest in such collateral. A judicial sale, pursuant to such execution, is a foreclosure of the security interest by judicial procedure within the meaning of this section, and the secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(6) A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more than \$5,000 unless: a mediation notice under subsection (7) is served on the debtor after a condition of default has occurred in the security agreement and a copy filed ~~with~~ served on the director; and the debtor and creditor have completed mediation under sections 583.20 to 583.32; or as otherwise allowed under sections 583.20 to 583.32.

(7) A mediation notice under subsection (6) must contain the following notice with the blanks properly filled in.

"TO:(Name of Debtor)....

YOU HAVE DEFAULTED ON THE(Debt in Default).... SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS(Reasonable Description of Agricultural Property Collateral)....

AS A SECURED PARTY,(Name of Secured Party).... INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROPERTY DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A CREDIT FINANCIAL ANALYST TO HELP YOU TO PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR ... (~~Date of 14 Days after Service of the Mediation Notice~~)... WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM:(Name and Address of Secured Party)....”

Sec. 3. [514.661] LIEN FOR RENTAL VALUE OF FARM MACHINERY DURING MEDIATION.

Subdivision 1. DEFINITIONS. The definitions in this section apply to this section.

(a) “Reasonable rental value” means an amount not more than the rental value of machinery of like capacity and age as determined by the director of the University of Minnesota extension service and is limited to the tachometer time during which or the acreage for which the machinery is used during the mediation period.

(b) “Seasonal use machinery” means machinery, equipment, or implements used exclusively for planting, for row crop cultivating, or for harvesting. Seasonal use machinery does not include a tractor, tillage equipment, or utility implements used for general farm purposes.

Subd. 2. LIEN; ATTACHMENT. (a) A person or entity with a debt secured by a perfected or unperfected security interest in seasonal use machinery that is subject to mediation who engages in mediation under sections 583.20 to 583.32, as a result of a debtor's default on a purchase money loan or contract, has a lien limited to the lesser of: (1) the total of principal and interest amounts required to bring the debt current until the stay of the creditor's enforcement action is lifted; and (2) the reasonable rental value of seasonal use machinery that is used for field operation during mediation until the stay of the creditor's enforcement action is lifted.

(b) The lien attaches to the crops produced by the debtor in the calendar year in which mediation occurs.

Subd. 3. PERFECTION. To perfect a lien under this section, the lien must attach and a person or entity entitled to the lien must file a lien statement in the appropriate filing office under section 336.9-401 during mediation or within 30 days after the conclusion of mediation.

Subd. 4. DUTIES OF FILING OFFICER. The filing officer shall enter on the lien statement the time of day and date of filing. The filing officer shall file, amend, terminate, note the filing of a lien statement, and charge the fee for filing under this section in the manner provided by section 336.9-403 for a financing

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

statement. A lien statement is void and may be removed from the filing system 18 months after the date of filing. The lien statement may be physically destroyed after 30 months from the date of filing.

Subd. 5. PRIORITY. (a) A perfected lien has priority over all other liens and security interests in crops produced by the debtor during the calendar year in which the mediation occurs except for a perfected landlord's lien under section 514.960.

(b) An unperfected lien has the priority of an unperfected security interest under section 336.9-312.

Subd. 6. ENFORCEMENT OF LIEN. (a) The holder of a lien under this section may enforce the lien in the manner provided in sections 336.9-501 to 336.9-508, subject to section 550.17. For enforcement of the lien, the lienholder is the secured party and the person leasing the property is the debtor, and each has the respective rights and duties of a secured party and a debtor under sections 336.9-501 to 336.9-508. If a right or duty under sections 336.9-501 to 336.9-508 is contingent upon the existence of express language in a security agreement or may be waived by express language in a security agreement, the requisite language does not exist.

(b) The principal amount of debt secured by seasonal use machinery must be reduced by an amount equal to any amount paid in satisfaction of a lien created under this section, less interest accrued on the debt during mediation.

Subd. 7. ENFORCEMENT ACTIONS; LIEN EXTINGUISHED. An action to enforce a lien under this section may be brought in district court in a county where the property is located after the lien is perfected. A lien statement may be amended, except the amount demanded, by leave of the court in the furtherance of justice. A lien is extinguished if an action to enforce the lien is not brought within 18 months after the date the lien statement is filed.

Subd. 8. EXEMPTION FROM MEDIATION. A lien created and perfected under this section is exempt from sections 583.20 to 583.32 and is effective against crops growing or to be grown by the debtor in the calendar year.

Sec. 4. Minnesota Statutes 1986, section 514.960, subdivision 2, is amended to read:

Subd. 2. PERFECTION. (a) To perfect a landlord lien, the lien must attach and the person or entity entitled to the lien must file a lien statement with the appropriate filing office under section 336.9-401 by 30 days after the crops become growing crops.

(b) A landlord lien that is not perfected has the priority of an unperfected security interest under section 336.9-312.

Sec. 5. Minnesota Statutes 1986, section 514.960, subdivision 4, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 4. **PRIORITY.** (a) A perfected landlord lien has priority over all other liens or security interests in crops grown or produced on the property that was leased and the crop products and proceeds.

(b) A landlord lien that is not perfected has the priority of an unperfected security interest under section 336.9-312.

Sec. 6. Minnesota Statutes 1986, section 550.365, is amended to read:

550.365 MEDIATION NOTICE AND CONDITIONS REQUIREMENTS FOR AGRICULTURAL PROPERTY.

Subdivision 1. **REQUIREMENT.** A person may not attach, execute on, levy on, or seize agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more than \$5,000 unless: (1) a mediation notice is served on the judgment debtor and a copy ~~filed with~~ served on the director; and (2) the debtor and creditor have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

Subd. 2. **CONTENTS.** A mediation notice must contain the following notice with the blanks properly filled in.

"TO:(Name of Judgment Debtor)....

A JUDGMENT WAS ORDERED AGAINST YOU BY(Name of Court)....
ON(Date of Judgment).

AS A JUDGMENT CREDITOR,(Name of Judgment Creditor).... INTENDS TO TAKE ACTION AGAINST THE AGRICULTURAL PROPERTY DESCRIBED AS(Description of Agricultural Property).... TO SATISFY THE JUDGMENT.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A CREDIT FINANCIAL ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR ~~IN~~ (Date of 14 Days after

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Service of the Mediation Notice)... WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM:(Name and Address of Judgment Creditor)...."

Sec. 7. Minnesota Statutes 1986, section 559.209, is amended to read:

559.209 MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.

Subdivision 1. **REQUIREMENT.** A person may not begin to terminate a contract for deed under section 559.21 to purchase agricultural property subject to sections 583.20 to 583.32 ~~that secured a debt for a remaining balance on the contract~~ of more than \$5,000 unless: (1) a mediation notice is served on the contract for deed purchaser after a default has occurred under the contract and a copy filed with served on the director; and (2) the contract for deed vendor and purchaser have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

Subd. 2. **CONTENTS.** A mediation notice must contain the following notice with the blanks properly filled in.

"TO:(Name of Contract for Deed Purchaser)....

YOU HAVE DEFAULTED ON THE CONTRACT FOR DEED OF THE AGRICULTURAL PROPERTY DESCRIBED AS(Size and Reasonable Location of Property, Not Legal Description)....

AS THE CONTRACT FOR DEED VENDOR,(Contract for Deed Vendor).... INTENDS TO TERMINATE THE CONTRACT AND TAKE BACK THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE CONTRACT FOR DEED VENDOR BEGINS REMEDIES TO ENFORCE THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A CREDIT FINANCIAL ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

"TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR ~~....(Date of 14 Days after Service of the Mediation Notice)...~~ WITHIN 14 DAYS AFTER YOU RECEIVE THE NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM:(Name and Address of Contract for Deed Vendor)...."

Sec. 8. [559.2091] CONTRACT FOR DEED SUBJECT TO MEDIATION.

Subdivision 1. LIEN FOR RENTAL VALUE; ATTACHMENT. (a) A contract for deed vendor who is a natural person with a debt subject to mediation under sections 583.20 to 583.32 and who engages in mediation under sections 583.20 to 583.32 as a result of a purchaser's default on the contract, is considered a person who leases a property for agricultural production under section 514.960. The vendor has a lien for the reasonable rental value of the property during the mediation period as mutually determined by the vendor and the vendee not to exceed the rental value of the land as determined by the director of the University of Minnesota extension service, or by district court. The rental period under this section must not exceed the period in which the vendor's remedies are stayed under sections 583.20 to 583.32.

(b) The lien attaches to crops grown or to be grown by the vendee on the property subject to the contract regardless of the ownership of the crops.

Subd. 2. PERFECTION. Notwithstanding the requirement of section 514.960, subdivision 2, that the lien be filed within 30 days after the crops become growing crops, the lien provided under this subdivision is perfected by the vendor only if filed during mediation or within 30 days after the conclusion of mediation.

Subd. 3. CREDITING OF PAYMENTS. Payments acquired through a lien created under this subdivision must be applied as a payment on the contract according to the terms of the contract.

Subd. 4. MEDIATION EXEMPTION. A lien created under this section and filed under section 514.960 is exempt from sections 583.20 to 583.32.

Sec. 9. Minnesota Statutes 1986, section 580.031, is amended to read:

580.031 MINIMUM NOTICE.

Notwithstanding the provisions of any other law to the contrary, eight weeks' published notice must be given prior to the foreclosure sale of a homestead to which the provisions of ~~chapter 583~~ sections 583.01 to 583.12 apply if the notice is published for the first time after May 24, 1983 and prior to May 1, 1985 ~~or~~, after June 8, 1985, and prior to May 1, 1987, or after the effective date

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

of this act and prior to May 1, 1989. The notice must contain the information specified in section 580.04.

At least eight weeks before the appointed time of sale, a copy of the notice must be served upon the person in possession of the mortgaged premises, if the premises are actually occupied.

Sec. 10. Minnesota Statutes 1986, section 581.015, is amended to read:

581.015 MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.

Subdivision 1. **REQUIREMENT.** A person may not begin a proceeding under ~~this chapter 580 or 581~~ to foreclose a mortgage on agricultural property subject to sections 583.20 to 583.32 that has a secured debt of more than \$5,000 unless: (1) a mediation notice is served on the mortgagor after a default has occurred in the mortgage and a copy is ~~filed with~~ served on the director; and (2) the mortgagor and mortgagee have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

Subd. 2. **CONTENTS.** A mediation notice must contain the following notice with the blanks properly filled in.

"TO:(Name of Record Owner)....

YOU HAVE DEFAULTED ON THE MORTGAGE OF THE AGRICULTURAL PROPERTY DESCRIBED AS(Size and Reasonable Location, Not Legal Description)....

AS HOLDER OF THE MORTGAGE,(Name of Holder of Mortgage).... INTENDS TO FORECLOSE ON THE PROPERTY DESCRIBED ABOVE.

YOU HAVE THE RIGHT TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A CREDIT FINANCIAL ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR ~~...~~ (Date of 14 Days after Service of the Mediation Notice)... WITHIN 14 DAYS

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM:(Name and Address of Holder of Mortgage)...."

Sec. 11. Minnesota Statutes 1986, section 583.22, subdivision 2, is amended to read:

Subd. 2. **AGRICULTURAL PROPERTY.** "Agricultural property" means real property that is principally used for farming as defined in section 500.24, subdivision 2, paragraph (a), and raising poultry, and personal property that is used as security to finance a farm operation or used as part of a farm operation including equipment, crops, livestock, ~~and~~ proceeds of the security, and removable agricultural structures under lease with option to purchase. "Agricultural property" does not include: personal property that is subject to a possessory lien under sections 514.18 to 514.22; property that is leased to the debtor other than removable agricultural structures under lease with option to purchase; or farm machinery that is primarily used for custom field work.

Sec. 12. Minnesota Statutes 1986, section 583.22, is amended by adding a subdivision to read:

Subd. 6a. **FINANCIAL ANALYST.** "Financial analyst" means a person: (1) knowledgeable in agricultural and financial matters that can provide financial analysis; (2) who is able to aid the debtor in preparing the financial information required under section 583.26, subdivision 3; and (3) who is approved by the director. A financial analyst may include county extension agents, adult farm management instructors, AVTI instructors, and other persons able to carry out the duties of a financial analyst.

Sec. 13. Minnesota Statutes 1986, section 583.22, subdivision 7b, is amended to read:

Subd. 7b. **NECESSARY LIVING EXPENSES.** As used in section 583.27, "necessary living expenses" means a sum approximately equal to one and one-half times the amount to which the family would be entitled if eligible for payments under section 256.74, unless limited by section 583.27, subdivision 1, paragraph (b).

Sec. 14. Minnesota Statutes 1986, section 583.22, subdivision 8, is amended to read:

Subd. 8. **SERVE.** "Serve" means (1) personal service as in a district court civil action; (2) service by certified mail using return receipt signed by addressee only; ~~or~~ (3) actual delivery of required documents with signed receipt; or (4) if an unsuccessful attempt is made to serve under clause (1) or (2), service may be made by mail with a certificate of mailing to the last known address of the debtor. For purposes of serving under clause (4), the addressee is considered to

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

have been served the documents five days after the date on the certificate of mailing.

Sec. 15. Minnesota Statutes 1986, section 583.24, subdivision 1, is amended to read:

Subdivision 1. **CREDITORS.** (a) The farmer-lender mediation act applies to creditors who are owed debts subject to the farmer-lender mediation act and are:

- (1) the United States or an agency of the United States;
- (2) corporations, partnerships, and other business entities; and
- (3) individuals.

(b) The farmer-lender mediation act does not apply to creditors of a debtor described under subdivision 2, paragraph (b).

Sec. 16. Minnesota Statutes 1986, section 583.24, is amended by adding a subdivision to read:

Subd. 4. DEBTS. (a) The farmer-lender mediation act does not apply to a debt:

(1) for which a proof of claim form has been filed in bankruptcy by a creditor or that was listed as a scheduled debt, of a debtor who has filed a petition in bankruptcy after the effective date of this act under United States Code, title 11, chapter 7, 11, 12, or 13;

(2) if the debt was in default when the creditor received a mediation proceeding notice under the farmer-lender mediation act and the creditor filed a claim form, the debt was mediated during the mediation period under section 583.26, subdivision 8, and (i) the mediation was unresolved; or (ii) a mediation agreement with respect to that debt was signed;

(3) for which the creditor has served a mediation notice, the debtor has failed to make a timely request for mediation, and within 30 days after the debtor failed to make a timely request the creditor began a proceeding to enforce the debt against the agricultural property of the debtor;

(4) for which a creditor has received a mediation proceeding notice and the creditor and debtor have restructured the debt and have signed a separate mediation agreement with respect to that debt; or

(5) for which there is a lien for rental value of farm machinery under section 514.661 or a lien for rental value relating to a contract for deed subject to the farmer-lender mediation act under section 559.2091.

(b) For purposes of paragraph (a), clause (3), providing a copy of a forbearance policy is considered beginning a proceeding to enforce a debt if the board

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

of an institution has adopted a forbearance policy that provides for deferring or rescheduling payments of principal or interest, renewal or extension of loan terms, reduction in the amount or rate of principal or interest due on a loan, or other similar actions, and requires that the debtor must receive a copy of the policy at least 20 days prior to loan acceleration or debt collection proceedings.

Sec. 17. Minnesota Statutes 1986, section 583.26, subdivision 1, is amended to read:

Subdivision 1. **MEDIATION NOTICE.** (a) A creditor desiring to start a proceeding to enforce a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property, must serve an applicable mediation notice under sections 336.9-501, 550.365, 559.209, and 581.015 on the debtor and the director. The creditor must also file with the director proof of the date the mediation notice was served on the debtor. The creditor may not begin the proceeding until ~~the creditor and debtor have completed mediation the stay of the creditor's remedies is lifted under subdivision 5,~~ or as allowed under sections 583.20 to 583.32.

(b) The director shall combine all mediation notices for the same debtor that are received prior to the initial mediation meeting into one mediation proceeding.

Sec. 18. Minnesota Statutes 1986, section 583.26, subdivision 2, is amended to read:

Subd. 2. **MEDIATION REQUEST.** (a) A debtor must file a mediation request form with the director by 14 days after receiving a mediation notice. The debtor must state all known creditors with debts secured for agricultural property. The mediation request form must include an instruction that the debtor must state all known creditors with debts secured by agricultural property and unsecured creditors that are necessary for the farm operation of the debtor. It is the debtor's discretion as to which unsecured creditors are necessary for the farm operation. The mediation request must state the date that the notice was served on the debtor. The director shall make mediation request forms available in the county recorder's and county extension office of each county.

(b) Except as provided in section 583.24, subdivision 4, paragraph (a), clause (3), a debtor who fails to file a timely mediation request waives the right to mediation for that debt under the farmer-lender mediation act. The director shall notify a the creditor who served the mediation notice stating that the creditor may proceed against the agricultural property because the debtor has failed to file a mediation request.

(c) If a debtor has not received a mediation notice and is subject to a proceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, terminating a contract

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the director. The mediation request form must indicate that the debtor has not received a mediation notice.

Sec. 19. Minnesota Statutes 1986, section 583.26, subdivision 3, is amended to read:

Subd. 3. ~~CREDIT FINANCIAL ANALYST AND FARM ADVOCATE.~~
 (a) Within three business days after receiving a mediation ~~notice~~ request, the director shall provide a credit financial analyst knowledgeable in agricultural and financial matters to meet with the debtor and assure that information relative to the finances of the debtor is prepared for the initial mediation meeting. The financial analyst must review and, if necessary, prepare the debtor's financial records before the initial mediation meeting.

(b) After receiving the mediation notice, the director shall ~~notify~~ provide the debtor ~~that with a list of farm advocate advocates~~ that may be available without charge to assist the debtor and the ~~credit financial~~ analyst.

Sec. 20. Minnesota Statutes 1986, section 583.26, is amended by adding a subdivision to read:

Subd. 3a. ORIENTATION SESSION. The director shall schedule an orientation session to be held at least five days before the first mediation meeting. The debtor, the financial analyst, and a mediator shall participate in the orientation session. The mediator at the session need not be the one assigned to the mediation proceeding under subdivision 4. Creditors participating in the mediation may participate in the orientation session. At the orientation session, the financial analyst shall review the debtor's financial and inventory records to determine if they are adequate for the mediation and inform the debtor of any inadequacies, and the mediator shall inform the debtor of the requirements of the mediation process.

Sec. 21. Minnesota Statutes 1986, section 583.26, subdivision 4, is amended to read:

Subd. 4. ~~INITIAL MEDIATION MEETING PROCEEDING NOTICE.~~
 (a) By ten days after receiving a mediation request, the director shall send: (1) a mediation ~~meeting~~ proceeding notice to the debtor; and (2) a mediation ~~meeting~~ proceeding notice to all creditors listed by the debtor in the mediation request; and (3) a claim form to all ~~known~~ secured creditors ~~of~~ stated by the debtor.

(b) The mediation ~~meeting~~ proceeding notice must ~~include a time and place for an initial mediation meeting between the debtor, all known creditors of the debtor, and a list of three mediators.~~ state:

(1) the name and address of the debtor;

(2) that the debtor has requested mediation under the farmer-lender mediation act;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(3) the time and place for the orientation session;

(4) the time and place for the initial mediation meeting;

(5) a list of the names of three mediators that may be assigned to the proceeding, along with background information on those mediators including biographical information, a summary of previous mediation experience, and the number of agreements signed by parties to previous mediation;

(6) that the debtor and the initiating creditor may each request the director to exclude one mediator by notifying the director within three days after receiving the notice;

(7) that in lieu of having a mediator assigned by the director, the debtor and any one or more of the creditors may agree to select and pay for a professional mediator that is approved by the director;

(8) that the farmer-lender mediation act prohibits the creditor from beginning or continuing a proceeding to enforce the debt against agricultural property for 90 days after the debtor files a mediation request with the director unless otherwise allowed; and

(9) that the creditor must provide the debtor by the initial mediation meeting with copies of notes and contracts for debts subject to the farmer-lender mediation act and provide a statement of interest rates on the debts, delinquent payments, unpaid principal and interest balances, the creditor's value of the collateral, and debt restructuring programs available by the creditor.

(c) An initial mediation meeting must be held within 20 days of the notice.

(e) ~~Each~~ (d) The initiating creditor and the debtor may each request the director to exclude one mediator from the list by sending the director a notice to such effect exclude the mediator within three days after receiving the mediation meeting proceeding notice. In the event that requests from the creditors to remove mediators from the list would result in the exclusion of all of the remaining mediators the director shall appoint the mediator not excluded by the creditor owed the largest debt. In the event that a debtor and creditor request the same mediator, the director shall appoint that mediator.

(e) In lieu of the director assigning a mediator, the debtor and any one or more of the creditors may agree to select and pay for a professional mediator for the mediation proceeding. The director must approve the professional mediator before the professional mediator may be assigned to the mediation proceeding. The professional mediator may not be approved unless the professional mediator prepares and signs an affidavit:

(1) disclosing any biases, relationships, or previous associations with the debtor or creditors subject to the mediation proceedings;

(2) stating certifications, training, or qualifications as a professional mediator;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(3) disclosing fees to be charged or a rate schedule of fees for the mediation proceeding; and

(4) affirming to uphold the farmer-lender mediation act and faithfully discharge the duties of a mediator.

(f) After receiving a mediation proceeding notice, a secured creditor must return a claim form if the debt is not subject to the farmer-lender mediation act and specify why the debt is not subject to sections 583.20 to 583.32.

Sec. 22. Minnesota Statutes 1986, section 583.26, subdivision 5, is amended to read:

Subd. 5. EFFECT OF MEDIATION MEETING PROCEEDING NOTICE.

(a) Except as provided in ~~paragraph~~ paragraphs (b), (c), and (d), if a creditor receives a mediation ~~meeting~~ proceeding notice under subdivision 4 the creditor and the creditor's successors in interest may not begin or continue proceedings to enforce a debt subject to the farmer-lender mediation act against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. ~~Time periods under and affecting these procedures stop running until (+) 90 days after the initiation of mediation; or (2) a mediation agreement is reached date the debtor files a mediation request with the director.~~

(b) Except as provided in paragraph (c), if a creditor is an agency of the United States and receives a mediation ~~meeting~~ proceeding notice under subdivision 4, the creditor and the creditor's successors in interest may not begin or continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. ~~Time periods under and affecting these procedures stop running until (+) 180 days after the initiation of mediation; or (2) a mediation agreement is reached date the debtor files a mediation request with the director.~~

(c) Notwithstanding paragraphs (a) and (b) or section 583.26, subdivision 1, a creditor receiving a mediation proceeding notice may begin proceedings to enforce a debt against agricultural property of the debtor:

(1) at the time the creditor receives a mediator's affidavit of the debtor's lack of good faith under section 583.27; or

(2) five days after the date the debtor and creditor sign an agreement allowing the creditor to proceed to enforce the debt against agricultural property if the debtor has not rescinded the agreement within the five days.

(d) A creditor receiving a mediation proceeding notice must provide the debtor by the initial mediation meeting with copies of notes and contracts for debts subject to the farmer-lender mediation act and provide a statement of

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

interest rates on the debts, delinquent payments, unpaid principal balance, a list of all collateral securing debts, a creditor's estimate of the value of the collateral, and debt restructuring programs available by the creditor.

(e) The provisions of this subdivision are subject to section 583.27, relating to extension or reduction in the period before a creditor may begin to enforce a debt and court-supervised mediation.

Sec. 23. Minnesota Statutes 1986, section 583.26, subdivision 6, is amended to read:

Subd. 6. **ELIGIBILITY AND DUTIES OF MEDIATOR.** (a) A person is not eligible to be a mediator if the person has a conflict of interest that does not allow the person to be impartial. A conflict of interest includes being a current officer or board member or officer of the initiating creditor.

(b) At the initial mediation meeting and subsequent meetings, the mediator shall:

- (1) listen to the debtor and the creditors desiring to be heard;
- (2) attempt to mediate between the debtor and the creditors;
- (3) advise the debtor and creditors of assistance programs available;
- (4) attempt to arrive at an agreement to fairly adjust, refinance, or pay the debts; and
- (5) advise, counsel, and assist the debtor and creditors in attempting to arrive at an agreement for the future conduct of financial relations among them.

Sec. 24. Minnesota Statutes 1986, section 583.26, subdivision 9, is amended to read:

Subd. 9. **MEDIATION AGREEMENT.** (a) If an agreement is reached among the debtor and creditors the mediator shall ~~draft witness and sign~~ a written mediation agreement, have it signed by the debtor and creditors, and, if applicable, submit the agreement to the Minnesota rural finance administration for approval of debt restructuring.

(b) The debtor and creditors who are parties to the approved mediation agreement and creditors who have filed claim forms and have not objected to the mediation agreement:

- (1) are bound by the terms of the agreement;
- (2) may enforce the mediation agreement as a legal contract; and
- (3) may use the mediation agreement as a defense against an action contrary to the mediation agreement.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(c) A debtor may agree to allow a creditor to proceed to enforce a debt against agricultural property before the enforcement is otherwise allowed under subdivision 5, but the debtor or creditor may rescind the agreement within five business days after the debtor and particular creditor both sign the agreement.

Sec. 25. Minnesota Statutes 1986, section 583.26, is amended by adding a subdivision to read:

Subd. 10. END OF MEDIATION. (a) The mediator shall sign and serve to the parties and the director a termination statement by the end of the time period specified in subdivision 5.

(b) The mediator shall prepare a termination statement that:

(1) acknowledges that mediation has ended; and

(2) describes or references agreements reached between a creditor and the debtor, if any, and agreements reached among creditors, if any.

(c) Mediation agreements may be included as part of the termination statement.

Sec. 26. Minnesota Statutes 1986, section 583.27, subdivision 1, is amended to read:

Subdivision 1. **OBLIGATION OF GOOD FAITH.** (a) The parties must engage in mediation in good faith. Not participating in good faith includes: (1) a failure on a regular or continuing basis to attend and participate in mediation sessions without cause; (2) failure to provide full information regarding the financial obligations of the parties and other creditors including the obligation of a creditor to provide information under section 583.26, subdivision 5, paragraph (d); (3) failure of the creditor to designate a representative to participate in the mediation with authority to make binding commitments within one business day to fully settle, compromise, or otherwise mediate the matter; (4) lack of a written statement of debt restructuring alternatives and a statement of reasons why alternatives are unacceptable to one of the parties; (5) failure of a creditor to release funds from the sale of farm products to the debtor for necessary living and farm operating expenses; or (6) other similar behavior which evidences lack of good faith by the party. A failure to agree to reduce, restructure, refinance, or forgive debt does not, in itself, evidence lack of good faith by the creditor.

(b) The amount that the creditor is required to release for necessary living expenses under this section is limited to \$1,600 per month less the debtor's off-farm income.

(c) If the debtor and creditor do not agree on the amount of necessary living expenses to be released, the debtor or creditor may petition conciliation court in the county of the debtor's residence to make a determination of the amount to be released. The conciliation court must make the determination within ten days after receiving the petition.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(d) If the debtor and creditors do not agree on the amount of necessary operating expenses or necessary living and operating expenses to be released, the debtor or a creditor requested to release necessary living or operating expenses may petition the district court of the debtor's residence to make a determination of the amount to be released. The court shall hear and make a determination of the amount of living and operating expenses to be released within ten days after receiving the petition. The court shall also add or subtract up to ten days to the time when the creditor can begin to enforce a proceeding to collect the debt against agricultural property of the debtor and assess costs, including any attorney fees, among the parties to the court proceeding. The court shall equitably adjust the time to begin a creditor's proceeding and the assessment of costs based on the parties' good faith claim to the amount of living and operating expenses to be released.

Sec. 27. Minnesota Statutes 1986, section 583.27, subdivision 3, is amended to read:

Subd. 3. **CREDITOR'S LACK OF GOOD FAITH; COURT SUPERVISED MEDIATION.** If the mediator finds the creditor has not participated in mediation in good faith, the debtor may require court supervised mandatory mediation by filing the affidavit with the district court of the county ~~where the property is located~~ of the debtor's residence with a request for court supervision of mediation and serving a copy of the request on the creditor. Upon request the court shall require both parties to mediate under the supervision of the court in good faith for a period of not more than 60 days. All creditor remedies must be suspended during this period. The court may issue orders necessary to effect good faith mediation. Following the mediation period, if the court finds the creditor has not participated in mediation in good faith, the court shall by order suspend the creditor's remedies for an additional period of 180 days. A creditor found by the mediator not to have participated in good faith shall pay attorneys' fees and costs of the debtor requesting court-supervision of mediation or additional suspension of creditor's remedies.

Sec. 28. Minnesota Statutes 1986, section 583.27, subdivision 4, is amended to read:

Subd. 4. **DEBTOR LACK OF GOOD FAITH.** (a) A debtor is not mediating in good faith if the debtor fraudulently conceals, removes, or transfers agricultural property in which the debtor knows there is a security interest. The concealing, removing, or transferring must be in violation of a security agreement without remitting the proceeds to the secured party and must have occurred during the mediation period.

(b) A creditor may immediately proceed with creditor's remedies upon receipt of a mediator's affidavit of a debtor's lack of good faith notwithstanding any other requirements of sections 583.20 to 583.32.

Sec. 29. Minnesota Statutes 1986, section 583.27, is amended by adding a subdivision to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 5. INSPECTION OF COLLATERAL. (a) After a debtor requests mediation under section 583.26, subdivision 2, a creditor who is participating in the mediation and who has a security agreement relating to agricultural property under the debtor's control may inspect the secured agricultural property during normal business hours on 24 hours' notice to the debtor. For purposes of this subdivision, "normal business hours" means 8:00 a.m. to 6:00 p.m. Monday through Saturday but excludes legal Minnesota and United States holidays.

(b) Failure to permit this inspection by the creditor, or destruction or waste of the property securing the debt, is evidence of the debtor's lack of good faith under subdivision 1, clause (6).

Sec. 30. Minnesota Statutes 1986, section 583.27, is amended by adding a subdivision to read:

Subd. 6. REVIEW OF GOOD FAITH FINDING. (a) Upon petition by a debtor or creditor, a court may review a mediator's affidavit of lack of good faith or a mediator's failure to file an affidavit of lack of good faith of a creditor under subdivision 3 or a debtor under subdivision 4. The review is limited to whether the mediator committed an abuse of discretion in filing or failing to file an affidavit of lack of good faith. The petition must be reviewed by the court within ten days after the petition is filed.

(b) If the court finds that the mediator committed an abuse of discretion in filing, or failing to file, an affidavit of lack of good faith, the court may: (1) reinstate mediation and the stay of creditors' enforcement actions; (2) order court supervised mediation; or (3) allow creditors to proceed immediately with creditors' remedies.

(c) A mediator may offer testimony but is not required to testify as part of the court's review.

Sec. 31. Minnesota Statutes 1986, section 583.27, is amended by adding a subdivision to read:

Subd. 7. CONVERSION OF SECURITY. A debtor who fraudulently conceals, removes, or transfers agricultural property in which the debtor knows there is a security interest is ineligible for mediation under the farmer-lender mediation act if the concealing, removing, or transferring was in violation of a security agreement without remitting the proceeds to the secured party. The secured party must petition the district court in the county of the debtor's residence for an order permitting the secured party to proceed with the secured party's remedies notwithstanding sections 583.20 to 583.32. The petition must be brought within one year after the concealing, removing, or transferring occurred. The district court shall issue a summons within seven days commanding the person against whom the petition is made to appear before the court on a day and place stated in the summons. The appearance must be no less than seven and no more than 14 days from the issuance of the summons. The district court must deliver findings within ten days after the close of the hearing. A petition under this subdivision cannot be brought after the secured party has served a mediation notice on the debtor under section 583.26.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 32. [583.284] RETENTION OF PURCHASE MONEY SECURITY INTEREST.

If a creditor has a purchase money security interest as defined in section 336.9-107, and renegotiates the debt under the farmer-lender mediation act to reduce the principal balance or the interest rate or to extend the repayment period, the creditor retains the purchase money security interest for the renegotiated debt.

Sec. 33. Minnesota Statutes 1986, section 583.285, is amended to read:

583.285 RULES.

The ~~state court administrator~~ commissioner of agriculture, in consultation with the director of the bureau of mediation services and the director of the University of Minnesota agricultural extension service, shall make rules under chapter 14, to implement the farmer-lender mediation act. The ~~state court administrator~~ commissioner of agriculture may adopt emergency rules.

Sec. 34. [583.305] PROHIBITED WAIVERS.

A waiver of mediation rights under the farmer-lender mediation act is void except as expressly allowed under the farmer-lender mediation act.

Sec. 35. CONTINUING EFFECT OF RULES.

Rules adopted by the state court administrator's office and published in the State Register on August 18, 1986, in volume 11, pages 302 to 307, are effective until June 30, 1989, unless the rules are amended or superseded by rules adopted by the commissioner of agriculture or the rules are inconsistent with this act.

Sec. 36. Laws 1983, chapter 215, section 16, as amended by Laws 1984, chapter 474, section 7, as amended by Laws 1985, chapter 306, section 26, is amended to read:

Sec. 16. REPEALER.

Sections 1 to 15 are repealed effective July 1, ~~1987~~ 1989, but any postponement or other relief ordered by a court continues to be valid for the period ordered by the court.

Sec. 37. Laws 1986, chapter 398, article 1, section 18, is amended to read:

Sec. 18. REPEALER.

Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), are repealed on July 1, ~~1988~~ 1989.

Sec. 38. INSTRUCTION TO REVISOR.

The revisor shall renumber section 581.015 as section 582.039 and make all corresponding changes to cross references.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 39. **REPEALER.**

Minnesota Statutes 1986, section 583.24, subdivision 3, is repealed.

Sec. 40. **EFFECTIVE DATES.**

Except as otherwise provided in this section, this act takes effect July 1, 1987.

Section 1 is effective the day after final enactment and applies to all judgments entered on or after that date.

Sections 2 to 8, 10 to 32, and 34 apply to mediation

Sections 9, 33, 35, and 36 take effect the day after final enactment.

Approved May 28, 1987

CHAPTER 293—S.F.No. 80

An act relating to insurance; providing flexibility in the amount of coverages other than for the dwelling under a homeowner's policy; proposing coding for new law in Minnesota Statutes, chapter 65A.

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

Section 1. **[65A.295] HOMEOWNER'S INSURANCE COVERAGE.**

(a) Every insurer writing homeowner's insurance in this state shall make available at least one form of homeowner's policy for each level of peril coverage offered by the insurer in which the insured has the option to specify the dollar amount of coverage provided for structures other than the dwelling and for personal property. The premium must be reduced to reflect the reduced risk of lesser coverage.

(b) A written notice must be provided to all applicants for homeowner's insurance at the time of application informing them of the options provided in paragraph (a).

(c) Coverage for structures other than the dwelling is the coverage provided under "Coverage B, Other Structures" in the standard homeowner's policy. Coverage for personal property is the coverage provided under "Coverage C, Personal Property" in the standard homeowner's package policy.

(d) "Level of peril" refers to basic, broad, and all risk levels of coverage.

Sec. 2. **EFFECTIVE DATE.**

Changes or additions are indicated by underline, deletions by ~~strikeout~~.