## CHAPTER 9--H.F.No. 1792

*An act relating to contracts for deed; modifying definition of investor seller; making technical changes; amending Minnesota Statutes 2024, sections 272.12; 559.21, subdivision 4; 559A.01, subdivisions 3, 5, by adding a subdivision; 559A.03, subdivision 3; 559A.04, subdivision 4.*

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

Section 1. Minnesota Statutes 2024, section 272.12, is amended to read:

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

When:

(a) a deed or other instrument conveying land,

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

(c) a survey required pursuant to section 508.47,

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

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

is presented to the county auditor for transfer, the auditor shall ascertain from the records if there be taxes delinquent upon the land described therein ~~within four months of the execution of the contract for deed,~~ or if it has been sold for taxes. 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 2024, section 559.21, subdivision 4, is amended to read:

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

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

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

(1) complies with the conditions in default;

(2) if subdivision 1d or 2a applies, 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 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~~ 5.

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

Sec. 3. Minnesota Statutes 2024, section 559A.01, subdivision 3, is amended to read:

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

**EFFECTIVE DATE.** This section is effective August 1, 2025.

Sec. 4. Minnesota Statutes 2024, section 559A.01, is amended by adding a subdivision to read:

Subd. 4a. **Family member.** "Family member" means any spouse, parent, child, sibling, grandparent, grandchild, uncle, aunt, niece, nephew, or cousin.

**EFFECTIVE DATE.** This section is effective August 1, 2025.

Sec. 5. Minnesota Statutes 2024, section 559A.01, subdivision 5, is amended to read:

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

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

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

(2) ~~any spouse, parent, child, sibling, grandparent, grandchild, uncle, aunt, niece, nephew, or cousin~~ a family member of the natural person;

(3) a personal representative of the natural person;

(4) a devisee of the natural person;

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

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

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

(8) a natural person selling on contract for deed to ~~any spouse, parent, child, sibling, grandparent, grandchild, uncle, aunt, niece, nephew, or cousin~~ a family member of the natural person;

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

(10) a natural person who has owned and leased the residential real property to the purchaser for at least the prior two years; ~~or~~

(11) the person who built the dwelling on the residential real estate and the dwelling has not previously been occupied;

(12) a state agency or political subdivision; or

(13) a legal entity whose sole owner is a natural person described in clause (1), (2), (8), or (10).

(c) If, substantially contemporaneous with the execution of the contract for deed, the seller's interest or the ownership of 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.

**EFFECTIVE DATE.** This section is effective August 1, 2025.

Sec. 6. Minnesota Statutes 2024, section 559A.03, subdivision 3, is amended to read:

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

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

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

**Date Investor Seller Acquired Property:**

(date seller acquired ownership)

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

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

**Contract for Deed Purchase Price:**

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

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective August 1, 2025.

Sec. 7. Minnesota Statutes 2024, section 559A.04, subdivision 4, is amended to read:

Subd. 4. **Churning prohibited.** (a) An investor seller is prohibited from churning. There is 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).

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective August 1, 2025.

Presented to the governor April 29, 2025

Signed by the governor April 30, 2025, 12:28 p.m.