

CHAPTER 551

ATTORNEY'S SUMMARY EXECUTIONS

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funds at a financial institution.

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earnings.

551.04 GENERAL PROVISIONS.

[For text of subd 1, see M.S.1992]

Subd. 2. Property attachable. Subject to the exemptions provided by subdivision 3 and section 550.37, and any other applicable statute, the service of a writ of execution under this chapter attaches:

(a) Except as otherwise provided in paragraph (c), all unpaid nonexempt disposable earnings owing or to be owed by the third party and earned or to be earned by the judgment debtor within the pay period in which the writ of execution is served and within all subsequent pay periods whose paydays occur within the 70 days after the date of service of the writ of execution. "Payday" means the day upon which the third party pays earnings to the judgment debtor in the ordinary course of business. If the judgment debtor has no regular paydays, payday means the 15th day and the last day of each month.

(b) All other nonexempt indebtedness or money due or belonging to the judgment debtor and owing by the third party or in the possession or under the control of the third party at the time of service of the writ of execution, whether or not the same, has become payable. The third party shall not be compelled to pay or deliver the same before the time specified by any agreement unless the agreement was fraudulently contracted to defeat an execution levy or other collection remedy.

(c) For an execution on a judgment for child support, all unpaid nonexempt disposable earnings owing or to be owed by the third party and earned or to be earned by the judgment debtor within the pay period in which the writ of execution is served and within all subsequent pay periods until the judgment is satisfied if the judgment creditor is a county and the third party is notified by the county when the judgment is satisfied.

[For text of subds 3 to 10, see M.S.1992]

Subd. 11. Forms. No judgment creditor shall use a form that contains alterations or changes from the statutory forms that mislead judgment debtors as to their rights and the execution procedure generally. If a court finds that a judgment creditor has used a misleading form, the judgment debtor shall be awarded actual damages, costs, reasonable attorney's fees resulting from additional proceedings, and an amount not to exceed \$100. All forms must be clearly legible and printed in not less than the equivalent of 10-point type. A form that uses both sides of a sheet must clearly indicate on the front side that there is additional information on the back side of the sheet.

Forms, including the statutory forms, used in executions upon earnings for the satisfaction of judgments for child support must be changed by the creditor to reflect the fact that the 70-day period of effectiveness does not apply to these executions if the judgment creditor is a county and the employer is notified by the county when the judgment is satisfied.

[For text of subds 12 and 13, see M.S.1992]

Subd. 14. Discharge of a third party. Subject to subdivisions 6 and 15, the third party, after disclosure, shall be discharged of any further obligation to the judgment creditor when one of the following conditions is met:

(a) The third party discloses that the third party is not indebted to the judgment debtor or does not possess any earnings, property, money, or indebtedness belonging to the judgment debtor that is attachable as defined in subdivision 2. The disclosure is conclusive against the judgment creditor and discharges the third party from any further obligation to the judgment creditor other than to retain and remit all nonexempt disposable earnings, property, indebtedness, or money of the judgment debtor which was disclosed.

(b) The third party discloses that the third party is indebted to the judgment debtor as indicated on the execution disclosure form. The disclosure is conclusive against the judgment creditor and discharges the third party from any further obligation to the judgment creditor other than to retain and remit all nonexempt disposable earnings, property, indebtedness, or money of the judgment debtor that was disclosed.

(c) The court may, upon motion of an interested person, discharge the third party as to any disposable earnings, money, property, or indebtedness in excess of the amount that may be required to satisfy the judgment creditor's claim.

[For text of subds 15 to 17, see M.S.1992]

History: 1993 c 13 art 1 s 47; 1993 c 156 s 7,8

551.05 ATTORNEY'S SUMMARY EXECUTION UPON FUNDS AT A FINANCIAL INSTITUTION.

[For text of subd 1, see M.S.1992]

Subd. 1a. Exemption notice. If the writ of execution is being used by the attorney to levy funds of a judgment debtor who is a natural person and if the funds to be levied are held on deposit at any financial institution, the attorney for the judgment creditor shall serve with the writ of execution two copies of an exemption notice. The notice must be substantially in the form set forth below. Failure of the attorney for the judgment creditor to send the exemption notice renders the execution levy void, and the financial institution shall take no action. However, if this subdivision is being used to execute on funds that have previously been garnished in compliance with section 571.71, the attorney for judgment creditor is not required to serve an additional exemption notice. In that event, the execution levy shall only be effective as to the funds that were subject to the prior garnishment. Upon receipt of the writ of execution and exemption notices, the financial institution shall retain as much of the amount due under section 550.04 as the financial institution has on deposit owing to the judgment debtor, but not more than 100 percent of the amount remaining due on the judgment, or \$5,000, whichever is less.

The notice informing a judgment debtor that an execution levy has been used to attach funds of the judgment debtor to satisfy a claim must be substantially in the following form:

STATE OF MINNESOTA

County of

.....(Judgment Creditor)

.....(Judgment Debtor)

TO: Judgment Debtor

DISTRICT COURT

.....JUDICIAL DISTRICT

EXEMPTION NOTICE

An order for attachment, garnishment summons, or levy of execution (strike inapplicable language) has been served on (bank or other financial institution where you have an account).

Your account balance is \$.....

The amount being held is \$.....

However, all or a portion of the funds in your account will normally be exempt from creditors' claims if they are in one of the following categories:

(1) relief based on need. This includes: Aid to Families with Dependent Children (AFDC), AFDC-Emergency Assistance (AFDC-EA), Medical Assistance (MA), Gen-

eral Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Work Readiness, Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA-EA), Supplemental Security Income (SSI), and Energy Assistance;

- (2) Social Security benefits (Old Age, Survivors, or Disability Insurance);
- (3) unemployment compensation, workers' compensation, or veterans' benefits;
- (4) an accident, disability, or retirement pension or annuity;
- (5) life insurance proceeds;
- (6) the earnings of your minor child and any child support paid to you; or
- (7) money from a claim for damage or destruction of exempt property (such as household goods, farm tools, business equipment, a mobile home, or a car).

The following funds are also exempt:

- (8) all earnings of a person in category (1);
- (9) all earnings of a person who has received relief based on need, or who has been an inmate of a correctional institution, within the last six months;
- (10) 75 percent of every judgment debtor's after tax earnings; or
- (11) all of a judgment debtor's after tax earnings below 40 times the federal minimum wage.

TIME LIMIT ON EXEMPTIONS AFTER DEPOSIT IN BANK:

Categories (10) and (11): 20 days

Categories (8) and (9): 60 days

All others: no time limit, as long as funds are traceable to the exempt source. (In tracing funds, the first-in, first-out method is used. This means money deposited first is spent first.) The money being sought by the judgment creditor is being held in your account to give you a chance to claim an exemption.

TO CLAIM AN EXEMPTION:

Fill out, sign, and mail or deliver one copy of the attached exemption claim form to the institution which sent you this notice and mail or deliver one copy to the judgment creditor's attorney. The address for the judgment creditor's attorney is set forth below. Both copies must be mailed or delivered on the same day.

If they do not get the exemption claim back from you within 14 days of the date they mailed or gave it to you, they will be free to turn the money over to the attorney for the judgment creditor. If you are going to claim an exemption, do so as soon as possible, because your money may be held until it is decided.

IF YOU CLAIM AN EXEMPTION:

- (1) nonexempt money can be turned over to the judgment creditor or sheriff;
- (2) the financial institution will keep holding the money claimed to be exempt; and
- (3) seven days after receiving your exemption claim, the financial institution will release the money to you unless before then it receives an objection to your exemption claim.

IF THE JUDGMENT CREDITOR OBJECTS TO YOUR EXEMPTION CLAIM:

the institution will hold the money until a court decides if your exemption claim is valid, BUT ONLY IF the institution gets a copy of your court motion papers asserting the exemption WITHIN TEN DAYS after the objection is mailed or given to you. You may wish to consult an attorney at once if the judgment creditor objects to your exemption claim.

MOTION TO DETERMINE EXEMPTION:

At any time after your funds have been held, you may ask for a court decision on the validity of your exemption claim by filing a request for hearing which may be obtained at the office of the court administrator of the above court.

PENALTIES:

If you claim an exemption in bad faith, or if the judgment creditor wrongly objects

to an exemption in bad faith, the court may order the person who acted in bad faith to pay costs, actual damages, attorney fees, and an additional amount of up to \$100.

.....

 Name and address of (Attorney
 for) Judgment Creditor

EXEMPTION:

(a) Amount of exemption claim.

// I claim ALL the funds being held are exempt.

// I claim SOME of the funds being held are exempt.

The exempt amount is \$.....

(b) Basis for exemption.

Of the 11 categories listed above, I am in category number (If more than one category applies, you may fill in as many as apply.) The source of the exempt funds is the following:

.....

(If the source is a type of relief based on need, list the case number and county:

case number:;

county:)

I hereby authorize any agency that has distributed relief to me or any correctional institution in which I was an inmate to disclose to the above named judgment creditor's attorney only whether or not I am or have been a recipient of relief based on need or an inmate of a correctional institute within the last six months.

I have mailed or delivered a copy of the exemption notice to the judgment creditor's attorney.

.....
 DATED:

 DEBTOR

 DEBTOR ADDRESS

[For text of subds 2 to 8, see M.S.1992]

History: 1993 c 156 s 9

551.06 ATTORNEY'S SUMMARY EXECUTION UPON EARNINGS.

[For text of subds 1 and 2, see M.S.1992]

Subd. 3. Limitation on levy on earnings. Unless the judgment is for child support, the maximum part of the aggregate disposable earnings of an individual for any pay period subjected to an execution levy may not exceed the lesser of:

(1) 25 percent of the judgment debtor's disposable earnings; or

(2) the amount by which the judgment debtor's disposable earnings exceed the following product: 40 times the federal minimum hourly wages prescribed by section 6(a)(1) of the Fair Labor Standards Act of 1938, United States Code, title 29, section 206(a)(1), in effect at the time the earnings are payable, times the number of work weeks in the pay period. When a pay period consists of other than a whole number of work weeks, each day of that pay period in excess of the number of completed work weeks shall be counted as a fraction of a work week equal to the number of excess work days divided by the number of days in the normal work week.

If the judgment is for child support, the levy may not exceed:

(1) 50 percent of the judgment debtor's disposable income, if the judgment debtor is supporting a spouse or dependent child and the judgment is 12 weeks old or less (12 weeks to be calculated to the beginning of the work week in which the execution levy is received);

(2) 55 percent of the judgment debtor's disposable income, if the judgment debtor is supporting a spouse or dependent child, and the judgment is over 12 weeks old (12 weeks to be calculated to the beginning of the work week in which the execution levy is received);

(3) 60 percent of the judgment debtor's disposable income, if the judgment debtor is not supporting a spouse or dependent child and the judgment is 12 weeks old or less (12 weeks to be calculated to the beginning of the work week in which the execution levy is received); or

(4) 65 percent of the judgment debtor's disposable income, if the judgment debtor is not supporting a spouse or dependent child, and the judgment is over 12 weeks old (12 weeks to be calculated to the beginning of the work week in which the execution levy is received).

Execution levies under this section on judgments for child support are effective until the judgments are satisfied if the judgment creditor is a county and the employer is notified by the county when the judgment is satisfied.

No court may make, execute, or enforce an order or any process in violation of this section.

Subd. 4. Multiple levies on earnings. Except as otherwise provided in this chapter or section 518.611, subdivision 6, the priority of multiple earnings execution levies is determined by the order in which the execution levies were served on the employer. If the employer is served with two or more writs of execution at the same time on the same day, the writ of execution issued pursuant to the first judgment entered has priority. If two or more execution levies are served on the same day and are based on judgments entered on the same day, then the employer shall select the priority of the earnings levies. However, in all cases except earnings execution levies on judgments for child support if the judgment creditor is a county and the employer is notified by the county when the judgment is satisfied, the execution levies shall be effective no longer than 70 days from the date of the service of the writ of execution.

Subd. 5. Earnings attachable. (a) Subject to the exemptions provided by sections 550.37 and 551.06, subdivision 3, and any other applicable statute, and except as otherwise provided in paragraph (b), the service of a writ of execution under this chapter attaches all unpaid nonexempt disposable earnings owing or to be owed by the third party and earned or to be earned by the judgment debtor before and within the pay period in which the writ of execution is served and within all subsequent pay periods whose paydays occur within the 70 days after the date of service of the writ of execution. "Paydays" means the days upon which the third party pays earnings to the judgment debtor in the ordinary course of business. If the judgment debtor has no regular paydays, paydays means the 15th day and the last day of each month. If the levy attaches less than \$10, the third party shall not retain and remit the sum.

(b) The service of a writ of execution on a judgment for child support attaches to all unpaid nonexempt disposable earnings owing or to be owed by the third party and earned or to be earned by the judgment debtor before and within the pay period in which the writ of execution is served and within all subsequent pay periods until the judgment is satisfied if the judgment creditor is a county and the third party is notified by the county when the judgment is satisfied.

[For text of subs 6 to 14, see M.S.1992]

History: 1993 c 156 s 10-12