CHAPTER 559A

CONTRACTS FOR DEED; INVESTOR SELLERS AND RESIDENTIAL REAL PROPERTY

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559A.01 DEFINITIONS.

Subdivision 1. **Application.** The definitions in this section apply to sections 559A.01 to 559A.05.

Subd. 2. **Balloon payment.** "Balloon payment" means a scheduled payment of principal, interest, or both under a contract for deed that is significantly larger than the regular installment payments and that may be due prior to the end of the contract term or may be the final payment that satisfies the contract.

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.

Subd. 4. **Contract for deed.** "Contract for deed" has the meaning given in section 507.235, subdivision 1a.

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

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) 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;

(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 a family member of the natural person;

(8) a natural person selling on contract for deed to 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;

(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.

Subd. 6. **Person.** "Person" means a natural person, partnership, corporation, limited liability company, association, trust, or other legal entity, however organized.

Subd. 7. **Purchase agreement.** "Purchase agreement" means a purchase agreement for a contract for deed, an earnest money contract, or an executed option contemplating that, at closing, the investor seller and the purchaser will enter into a contract for deed.

Subd. 8. **Purchaser.** "Purchaser" means a person who executes a contract for deed to purchase residential real property. Purchaser includes all purchasers who execute the same contract for deed to purchase residential real property.

Subd. 9. **Residential real property.** "Residential real property" means real property consisting of one to four family dwelling units, one of which is intended to be occupied as the principal place of residence by:

(1) the purchaser;

(2) if the purchaser is an entity, the natural person who is the majority or controlling owner of the entity; or

(3) if the purchaser is a trust, the settlor or beneficiary of the trust.

Residential real property does not include a transaction subject to sections 583.20 to 583.32.

History: *2024 c 123 art 16 s 12; 2025 c 9 s 3-5*

559A.02 APPLICABILITY.

This chapter applies only to residential real property where a purchaser is entering into a contract for deed with an investor seller. Either of the following statements included in a contract for deed in which the property is not residential real property or the seller is not an investor seller shall constitute prima facie evidence that this chapter does not apply to the contract for deed: "The property is not residential real

property" or "The seller is not an investor seller." A person examining title to the property may rely on either statement.

History: *2024 c 123 art 16 s 13*

559A.03 DISCLOSURES.

Subdivision 1. **Disclosures required.** (a) In addition to the disclosures required under sections 513.52 to 513.61, an investor seller must deliver to a prospective purchaser the disclosures specified under this section and instructions for cancellation as provided under section 559A.04, subdivision 2, paragraph (b).

(b) The disclosures must be affixed to the front of any purchase agreement executed between an investor seller and a prospective purchaser. The investor seller may not enter into a contract for deed with a prospective purchaser earlier than ten calendar days after the execution of the purchase agreement by all parties and provision by the investor seller of the disclosures required under this section and instructions for cancellation as required under section 559A.04, subdivision 2, paragraph (b).

(c) If there is no purchase agreement, an investor seller must provide the disclosures required under this section to the prospective purchaser no less than ten calendar days before the prospective purchaser executes the contract for deed. The disclosures must be provided in a document separate from the contract for deed. The investor seller may not enter into a contract for deed with a prospective purchaser earlier than ten calendar days after providing the disclosures to the prospective purchaser.

(d) The first page of the disclosures must contain the disclosures required in subdivisions 2, 3, and 4 of this section, in that order. The title must be centered, be in bold, capitalized, and underlined 20-point type, and read "IMPORTANT INFORMATION YOU NEED TO KNOW." The disclosures required under subdivisions 5 and 6 must follow in subsequent pages in that order.

(e) The investor seller must acknowledge delivery, and the purchaser must acknowledge receipt, of the disclosures by signing and dating the disclosures. The acknowledged disclosures shall constitute prima facie evidence that the disclosures have been provided as required by this section.

Subd. 2. **Disclosure of balloon payment.** (a) The investor seller must disclose the amount and due date of, if any, all balloon payments. For purposes of disclosure of a balloon payment, the investor seller may assume that all prior scheduled payments were timely made and no prepayments were made. If there is more than one balloon payment due, each one must be listed separately.

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

"BALLOON PAYMENT

This contract contains a lump-sum balloon payment or several balloon payments. When the final balloon payment comes due, you may need to get mortgage or other financing to pay it off (or you will have to sell the property). Even if you are able to sell the property, you may not get back all the money you paid for it.

If you can't come up with this large amount - even if you have made all your monthly payments - the seller can cancel the contract.

Amount of Balloon Payment	**When Balloon Payment is Due**
$ (amount)	(month, year)"

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 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 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 family member of the investor seller, or of the natural person who owns or controls, in whole or in part, the investor seller.

Subd. 4. **Disclosure of other essential terms.** (a) An investor seller must disclose to the prospective purchaser the purchase price, the annual interest rate, the amount of any down payment, and whether the purchaser is responsible for any or all of the following: paying property taxes, acquiring homeowner's insurance, making repairs, and maintaining the property.

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

"COSTS AND ESSENTIAL TERMS

1. Purchase Price:	$ (price)
2. Annual Interest Rate:	(interest rate) %
3. Down payment:	$ (down payment)
4. Monthly/Period Installments:	$ (amount of installment payment)

5. Taxes, Homeowner's Insurance, Repairs and Maintenance:

You (seller must circle one):

(a) DO	DO NOT	have to pay property taxes
(b) DO	DO NOT	have to pay homeowner's insurance
(c) ARE	ARE NOT	responsible for repairs and maintenance."

Subd. 5. **General disclosure.** (a) An investor seller must provide the prospective purchaser with a general disclosure about contracts for deeds as provided in this subdivision.

(b) The disclosure must be in the following form, with the title in 18-point type, the titles of the sections in 14-point type and underlined, and the text of each section in 12-point type, with a double space between each section:

"KNOW WHAT YOU ARE GETTING INTO BEFORE YOU SIGN

1. How Contracts for Deed Work

A contract for deed is a complicated legal arrangement. Be sure you know exactly what you are getting into before you sign a contract for deed. A contract for deed is **NOT** a mortgage. Minnesota's foreclosure protections do **NOT** apply.

You should get advice from a lawyer or the Minnesota Homeownership Center before you sign the contract. You can contact the Homeownership Center at 1-(866)-462-6466 or go to www.hocmn.org.

2. What If I Can't Make My Payments?

If you don't make your monthly installment payment or the balloon payment, the seller can cancel the contract in only 120 days from the date you missed the payment. If the contract is canceled, **you lose your home and all the money you have paid, including any down payment, all the monthly payments, and any improvements to the property you have made.**

If the contract contains a final lump-sum "balloon payment," you will need to get a mortgage or other financing to pay it off **(or you will have to sell the property)**. If you can't come up with this large amount - even if you have made all your monthly payments - the seller can cancel the contract. **Even if you are able to sell the property, you may not get back all the money you have paid for it.**

3. BEFORE YOU SIGN, YOU SHOULD:

A. Get an Independent, Professional Appraisal of the property to learn what it's worth and make sure you are not overpaying for the house.

B. Get an Independent, Professional Inspection of the property because you will probably be responsible for maintaining and making repairs on the house.

C. Buy Title Insurance from a title insurance company or ask a lawyer for a "title opinion" to address or minimize potential title problems.

4. YOUR RIGHTS BEFORE YOU SIGN

A. Waiting Period After Getting Disclosures There is a 10 calendar day waiting period after you get these disclosures. The contract for deed cannot be signed by you or the seller during that 10 calendar day period.

B. Canceling a Purchase Agreement You have 10 calendar days after you get these disclosures to cancel your purchase agreement and get back any money you paid."

Subd. 6. **Amortization schedule.** In a document separate from all others, an investor seller must provide to the prospective purchaser an amortization schedule consistent with the contract for deed, including the portion of each installment payment that will be applied to interest and to principal and the amount and due date of any balloon payments.

Subd. 7. **Disclosures in other languages.** If the contract was advertised or primarily negotiated with the purchaser in a language other than English, the investor seller must provide the disclosures required in this section in the language in which the contract was advertised or primarily negotiated.

Subd. 8. **No waiver.** The provisions of this section may not be waived.

Subd. 9. **Effects of violation.** Except as provided in section 559A.05, subdivision 2, a violation of this section has no effect on the validity of the contract for deed.

History: *2024 c 123 art 16 s 14; 2025 c 9 s 6*

559A.04 RIGHTS AND REQUIREMENTS.

Subdivision 1. **Requirement of investor seller if property subject to mortgage.** An investor may not execute a contract for deed that is subject to a mortgage with a due-on-sale clause and not expressly assumed by the contract for deed purchaser unless the investor seller has:

(1) procured a binding agreement with the mortgage holder whereby the holder either consents to the sale of the property to the purchaser by contract for deed or agrees not to exercise the holder's rights under a due-on-sale clause in the mortgage based on the contract for deed; and

(2) in the contract:

(i) disclosed the existence of the investor seller's mortgage;

(ii) covenants that the investor seller will perform all obligations under the mortgage; and

(iii) expressly represents to the purchaser that the seller has procured the binding agreement required under clause (1).

Subd. 2. **Right to cancel purchase agreement.** (a) A prospective purchaser may cancel a purchase agreement prior to the execution by all parties of the contract for deed or within ten calendar days of receiving the disclosures required under section 559A.03, whichever is earlier. A purchaser's execution of the contract for deed earlier than ten calendar days of receiving the disclosures shall not excuse, constitute a waiver of, or constitute a defense regarding an investor seller's violation of section 559A.03, subdivision 1, paragraph (b) or (c).

(b) In addition to the disclosures required under section 559A.03, an investor seller must provide the prospective purchaser with notice of the person to whom, and the mailing address to where, cancellation of the purchase agreement must be delivered or sent. Cancellation of the purchase agreement is effective upon personal delivery or upon mailing.

(c) In the event of cancellation or if no purchase agreement has been signed and the prospective purchaser elects not to execute the contract for deed, the investor seller may not impose a penalty or fee and must promptly refund all payments made by the prospective purchaser.

Subd. 3. **Duty of investor seller to account.** The investor seller must inform the purchaser in a separate writing of the right to request an annual accounting. Upon reasonable written request by the purchaser and no more than once every calendar year, an investor seller must provide an accounting of:

(1) all payments made pursuant to the contract for deed during the prior calendar year with payments allocated between interest and principal;

(2) any delinquent payments;

(3) the total principal amount remaining to satisfy the contract for deed; and

(4) the anticipated amounts and due dates of all balloon payments.

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 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 family member of the investor seller, or of the natural person who owns or controls, in whole or in part, the investor seller.

Subd. 5. **Duty of investor seller to refund down payments.** (a) If an investor seller terminates a contract for deed under section 559.21 within 48 months of executing the contract, any portion of the down payment that exceeded ten percent of the purchase price shall be refunded to the purchaser within 180 days of the termination of the contract.

(b) Upon delivery to the purchaser by the investor seller of reasonable documentation that any of the following expenses were incurred or taxes and contract payments were unpaid, an investor seller may offset against the refund for, as applicable:

(1) any unpaid real estate taxes for the period prior to termination of the contract;

(2) any unpaid insurance premiums for the period prior to termination of the contract incurred by the investor seller;

(3) the reasonable cost of necessary repairs for damage to the residential real property caused by the purchaser, beyond ordinary wear and tear, incurred by the investor seller;

(4) attorney fees, not to exceed $1,000, and costs of service incurred in connection with the termination of the contract;

(5) any unpaid utility arrears for the period prior to termination of the contract incurred by the investor seller; and

(6) one-half of the unpaid monthly contract installment payments, exclusive of balloon payments, that accrued prior to termination of the contract.

(c) If the purchaser disputes any amount that an investor seller claims as the refund or an offset, the purchaser may commence an action in district court or conciliation court to determine the amount of the refund or the offsets and recover any money owed by the investor seller to the purchaser. The purchaser is entitled to recover from the investor seller any portion of the down payment that the court finds is owed by the investor seller to the purchaser not previously paid to the purchaser. Any attorney expressly authorized by the investor seller to receive payments in the notice of termination is designated as the attorney who may receive service as agent for the investor seller in such action in the same manner as provided in section 559.21, subdivision 8.

History: *2024 c 123 art 16 s 15; 2025 c 9 s 7*

559A.05 REMEDIES FOR VIOLATION.

Subdivision 1. **Definition.** For the purposes of this section, "material violation of section 559A.03" means:

(1) if applicable, failure to disclose any balloon payment as required under section 559A.03, subdivision 2;

(2) failure to disclose the price paid by the investor seller under the contract for deed to acquire property as required under section 559A.03, subdivision 3;

(3) failure to disclose the other essential terms of the contract as required under section 559A.03, subdivision 4;

(4) failure to provide the general disclosure in substantially the form required under section 559A.03, subdivision 5;

(5) failure to disclose the amortization schedule as required under section 559A.03, subdivision 6;

(6) a violation of section 559A.03, subdivision 1, paragraph (b) or (c);

(7) a violation of section 559A.03, subdivision 7; or

(8) a material omission or misstatement of any of the information required to be disclosed under section 559A.03.

Subd. 2. **Remedy for violation of disclosure requirements or churning.** (a) Notwithstanding any provision in the purchase agreement or contract for deed to the contrary, a purchaser may, within two years of the execution of the contract for deed, bring an action for relief for a material violation of section 559A.03 or a violation of 559A.04, subdivision 4. A prevailing purchaser may rescind a contract and, in conjunction with the rescission, may recover against the investor seller a sum equal to:

(1) all amounts paid by the purchaser under the contract for deed, including payments to third parties, less the fair rental value of the residential real property for the period of time the purchaser was in possession of the property;

(2) the reasonable value of any improvements to the residential real property made by the purchaser;

(3) actual, consequential, and incidental damages; and

(4) reasonable attorneys' fees and costs.

(b) A claim for rescission and a money judgment awarded under this subdivision shall not affect any rights or responsibilities of a successor in interest to the investor seller prior to the filing of a lis pendens in the action in which such relief is sought, unless it is established by clear and convincing evidence that the successor in interest had prior knowledge that the contract for deed was executed in violation of the requirements of section 559A.03 or 559A.04, subdivision 4.

(c) A purchaser barred under paragraph (b) from making a claim against a successor in interest to the investor seller may, within two years of the execution of the contract for deed, bring a claim for violation of the requirements of section 559A.03 or 559A.04, subdivision 4, against the original investor seller who entered into the contract for deed and may recover the greater of actual damages or statutory damages of $5,000, plus reasonable attorneys' fees and costs. The original investor seller shall have no claim for indemnification or contribution against the successor in interest.

Subd. 3. **Remedy for failure of investor seller to procure agreement with mortgage holder.** (a) If a mortgage holder commences foreclosure of its mortgage based on the sale to a purchaser under the contract for deed and notwithstanding any provision in the purchase agreement or contract for deed to the contrary, a purchaser may bring an action for the failure of the investor seller to procure the agreement with the mortgage holder as required under section 559A.04, subdivision 2. A prevailing purchaser may rescind a contract and may recover against the investor seller a sum equal to:

(1) all amounts paid by the purchaser under the contract for deed, including payments to third parties, less the fair rental value of the residential real property for the period of time the purchaser was in possession of the property;

(2) the reasonable value of any improvements to the residential real property made by the purchaser;

(3) actual, consequential, and incidental damages; and

(4) reasonable attorneys' fees and costs.

(b) An action under this subdivision may be brought at any time and is not subject to the statute of limitations in subdivision 2, provided that, at least 30 days prior to bringing the action, a purchaser must deliver a notice of violation to the investor seller under the contract for deed personally or by United States mail.

(c) An investor seller may cure the violation at any time prior to entry of a final judgment by delivering to the purchaser either evidence of the agreement with the mortgage holder as required under section 559A.04, subdivision 2, or evidence that the mortgage holder has abandoned foreclosure of the mortgage. If the violation is cured, the purchaser's action must be dismissed. An investor seller is liable to the purchaser for reasonable attorneys' fees and court costs if the seller delivers evidence of the mortgage holder's agreement or abandonment of the foreclosure after the purchaser has commenced the action.

(d) Nothing in this subdivision shall be construed to bar or limit any other claim by a purchaser arising from the investor seller's breach of a senior mortgage.

Subd. 4. **Defense to termination.** A purchaser's right to the remedy under subdivision 2 or 3 shall constitute grounds for injunctive relief under section 559.211.

Subd. 5. **Effect of action on title.** An action under subdivision 2 or 3 is personal to the purchaser only, does not constitute an interest separate from the purchaser's interest in the contract for deed, and may not be assigned except to a successor in interest.

Subd. 6. **Rights cumulative.** The rights and remedies provided in this section are cumulative to, and not a limitation of, any other rights and remedies provided under law and at equity. Nothing in this chapter shall preclude a court from construing a contract for deed as an equitable mortgage.

Subd. 7. **Public enforcement.** The attorney general has authority under section 8.31 to investigate and prosecute violations of sections 559A.03 and 559A.04, subdivision 4.

History: *2024 c 123 art 16 s 16*