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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. **704**

02/13/2025

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The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

- 1.1 A bill for an act
- 1.2 relating to financial institutions; modifying provisions governing mortgage payment
- 1.3 satisfaction; amending Minnesota Statutes 2024, sections 47.208, subdivision 1,
- 1.4 by adding a subdivision; 507.41.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. Minnesota Statutes 2024, section 47.208, subdivision 1, is amended to read:
- 1.7 Subdivision 1. **Delivery required.** ~~Upon written request,~~ Within 45 days of the date full
- 1.8 payment or performance of the loan secured by the mortgage or payment is received, as
- 1.9 provided in a payoff statement as defined in section 507.401, paragraph (h), a mortgagee
- 1.10 or mortgage servicer, as defined in sections 507.401, paragraph (d), and 507.401, paragraph
- 1.11 (e), must issue and submit a good and valid satisfaction of mortgage in recordable form
- 1.12 shall to the county recorder or registrar of titles, as applicable. A good and valid satisfaction
- 1.13 in recordable form must be delivered to any party paying the full and final balance of a
- 1.14 mortgage indebtedness that is secured by Minnesota real estate; such delivery shall be in
- 1.15 hand or by certified mail postmarked within 45 days of the receipt of the written request to
- 1.16 the holder of any interest of record in said mortgage and within 45 days of the payment of
- 1.17 all sums due thereon.
- 1.18 Sec. 2. Minnesota Statutes 2024, section 47.208, is amended by adding a subdivision to
- 1.19 read:
- 1.20 Subd. 3. **Understated payoff statement; reliance.** (a) If a mortgagee or mortgage
- 1.21 servicer determines the payoff amount provided in a payoff statement was understated, the
- 1.22 mortgagee or mortgage servicer may send a corrected payoff statement.

2.1 (b) If the mortgagor or the mortgagor's authorized agent, which includes a title insurer
2.2 or a title insurer's duly-appointed agent, receives and has reasonable opportunity to act on
2.3 a corrected payoff statement issued under paragraph (a) before making payment, the corrected
2.4 statement supersedes an earlier statement.

2.5 (c) A mortgagee or mortgage servicer that sends a payoff statement containing an
2.6 understated payoff amount is prohibited from denying the accuracy of the payoff amount
2.7 against any person that reasonably and detrimentally relies upon the understated payoff
2.8 amount.

2.9 (d) This section does not: (1) affect the right of a mortgagee or mortgage servicer to
2.10 recover any sum that the mortgagee or mortgage servicer did not include in a payoff statement
2.11 from any person liable to pay the loan secured by a mortgage; or (2) limit any claim or
2.12 defense that a person liable to pay the loan secured by the mortgage may have under law
2.13 other than this section.

2.14 Sec. 3. Minnesota Statutes 2024, section 507.41, is amended to read:

2.15 **507.41 PENALTY FOR FAILURE TO DISCHARGE.**

2.16 When any mortgagee, mortgagee's personal representative, or mortgagee's assignee,
2.17 ~~upon full performance of the conditions of the mortgage, shall fail to discharge the same~~
2.18 ~~within ten days after being thereto requested and after tender of the mortgagee's reasonable~~
2.19 ~~charges therefor, that~~ after receiving full payment or performance of the loan secured by
2.20 the mortgage, or payment as provided in a payoff statement, fails to discharge the mortgage
2.21 within 45 days, the mortgagee shall be is liable to the mortgagor, the mortgagor's heirs or
2.22 assigns, for all actual damages thereby occasioned; and a claim for such damages may be
2.23 asserted in an action for discharge of the mortgage. ~~If the defendant be not a resident of the~~
2.24 ~~state, such action may be maintained upon the expiration of 60 days after the conditions of~~
2.25 ~~the mortgage have been performed, without such previous request or tender.~~