

A bill for an act

relating to mortgages; regulating reverse mortgages; requiring certain notices related to redemption rights be made to a mortgagor; providing for a private right of action; modifying time for requesting a hearing on an order to secure a building; modifying notice of sale requirements; authorizing political subdivisions to recover costs associated with obtaining a five-week redemption period; amending Minnesota Statutes 2008, sections 47.58, subdivisions 3, 8, by adding subdivisions; 580.03; 580.041, as amended; 580.06; 580.30, subdivision 1; 582.03, subdivision 1; 582.032, by adding a subdivision; Minnesota Statutes 2009 Supplement, sections 47.58, subdivision 1; 463.251, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 58.

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

Section 1. Minnesota Statutes 2009 Supplement, section 47.58, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Reverse mortgage loan" means a loan:

(1) Made to a borrower wherein the committed principal amount is paid to the borrower in equal or unequal installments over a period of months or years, interest is assessed, and authorized closing costs are incurred as specified in the loan agreement;

(2) Which is secured by a mortgage on residential property owned solely by the borrower; and

(3) Which is due ~~when the committed principal amount has been fully paid to the borrower, or upon sale of the property securing the loan, or upon the death of the last surviving borrower, or upon the borrower terminating use of the property as principal residence so as to disqualify the property from the homestead credit given in chapter 290A.~~

2.1 (b) "Lender" means any bank subject to chapter 48, credit union subject to chapter  
2.2 52, savings bank organized and operated pursuant to chapter 50, savings association  
2.3 subject to chapter 51A, any residential mortgage originator subject to chapter 58, or any  
2.4 insurance company as defined in section 60A.02, subdivision 4. "Lender" also includes  
2.5 any federally chartered bank supervised by the comptroller of the currency or federally  
2.6 chartered savings association supervised by the Federal Home Loan Bank Board or  
2.7 federally chartered credit union supervised by the National Credit Union Administration,  
2.8 to the extent permitted by federal law.

2.9 (c) "Borrower" includes any natural person holding an interest in severalty or as joint  
2.10 tenant or tenant-in-common in the property securing a reverse mortgage loan.

2.11 (d) "Outstanding loan balance" means the current net amount of money owed by the  
2.12 borrower to the lender whether or not that sum is suspended pursuant to the terms of the  
2.13 reverse mortgage loan agreement or is immediately due and payable. The outstanding  
2.14 loan balance is calculated by adding the current totals of the items described in clauses (1)  
2.15 to (5) and subtracting the current totals of the item described in clause (6):

2.16 (1) The sum of all payments made by the lender which are necessary to clear the  
2.17 property securing the loan of any outstanding mortgage encumbrance or mechanics or  
2.18 material supplier's lien.

2.19 (2) The total disbursements made by the lender to date pursuant to the loan  
2.20 agreement as formulated in accordance with subdivision 3.

2.21 (3) All taxes, assessments, insurance premiums and other similar charges paid to  
2.22 date by the lender pursuant to subdivision 6, which charges were not reimbursed by the  
2.23 borrower within 60 days.

2.24 (4) All actual closing costs which the borrower has deferred, if a deferral provision  
2.25 is contained in the loan agreement as authorized by subdivision 7.

2.26 (5) The total accrued interest to date, as authorized by subdivision 5.

2.27 (6) All payments made by the borrower pursuant to subdivision 4.

2.28 (e) "Actual closing costs" mean reasonable charges or sums ordinarily paid at the  
2.29 time of closing for the following, whether or not retained by the lender:

2.30 (1) Any insurance premiums on policies covering the mortgaged property including  
2.31 but not limited to premiums for title insurance, fire and extended coverage insurance, flood  
2.32 insurance, and private mortgage insurance.

2.33 (2) Abstracting, title examination and search, and examination of public records  
2.34 related to the mortgaged property.

2.35 (3) The preparation and recording of any or all documents required by law or custom  
2.36 for closing a reverse mortgage loan agreement.

3.1 (4) Appraisal and survey of real property securing a reverse mortgage loan.

3.2 (5) A single service charge, which service charge shall include any consideration,  
3.3 not otherwise specified in this section as an "actual closing cost," paid by the borrower to  
3.4 the lender for or in relation to the acquisition, making, refinancing or modification of a  
3.5 reverse mortgage loan, and shall also include any consideration received by the lender  
3.6 for making a commitment for a reverse mortgage loan, whether or not an actual loan  
3.7 follows the commitment. The service charge shall not exceed one percent of the bona fide  
3.8 committed principal amount of the reverse mortgage loan.

3.9 (6) Charges and fees necessary for or related to the transfer of real property securing  
3.10 a reverse mortgage loan or the closing of a reverse mortgage loan agreement paid by the  
3.11 borrower and received by any party other than the lender.

3.12 Sec. 2. Minnesota Statutes 2008, section 47.58, subdivision 3, is amended to read:

3.13 Subd. 3. **Payment; repayment; amount.** The committed principal amount of a  
3.14 reverse mortgage loan shall be paid to the borrower over the period of months or years  
3.15 as specified in the loan agreement. The borrower and lender may, by written agreement,  
3.16 amend the loan agreement from time to time. Pursuant to the terms of the contract the  
3.17 borrower shall make repayment to the lender:

3.18 ~~(a) upon payment to the borrower of the final installment unless, by written~~  
3.19 ~~agreement between the borrower and lender whereunder the borrower agrees to~~  
3.20 ~~periodically pay the lender interest accruing on the outstanding loan balance, repayment of~~  
3.21 ~~the outstanding loan balance is postponed until default in payment of interest or until the~~  
3.22 occurrence of any of the events specified in clauses ~~(b) (1)~~ to ~~(e) (4)~~;

3.23 ~~(b) (1)~~ upon sale of the property securing the loan;

3.24 ~~(c) (2)~~ upon the death of the last surviving borrower;

3.25 ~~(d) (3)~~ upon the borrower terminating use of the property as principal residence so as  
3.26 to disqualify the property from homestead classification under section 273.13; or

3.27 ~~(e) (4)~~ upon renegotiation of the terms of the reverse mortgage loan agreement,  
3.28 unless the parties agree in writing to postpone repayment.

3.29 Except as otherwise provided in this subdivision, the outstanding loan balance as  
3.30 projected by the lender to the anticipated time of payment to the borrower of the final  
3.31 installment of committed principal shall not exceed 80 percent of the appraised value of  
3.32 the property at inception of the loan. If upon reappraisal of the property made at any time  
3.33 during the term of the loan, the projected outstanding loan balance does not exceed 70  
3.34 percent of the reappraised value of the property, the schedule of the lender's installment  
3.35 payments may be extended and the amount of the committed principal amount increased,

4.1 provided the revised outstanding loan balance at payment of the lender's final installment  
4.2 of committed principal does not exceed 80 percent of the reappraised value of the property.

4.3 Sec. 3. Minnesota Statutes 2008, section 47.58, subdivision 8, is amended to read:

4.4 Subd. 8. **Counseling; requirement; penalty.** ~~A lender, mortgage banking company,~~  
4.5 ~~or other mortgage lender not related to the mortgagor must keep a certificate on file~~  
4.6 ~~documenting that the borrower, prior to entering into the reverse mortgage loan, received~~  
4.7 ~~counseling as defined in this subdivision from an organization that meets the requirements~~  
4.8 ~~of section 462A.209 and is a~~ Prior to accepting a final and complete application for a  
4.9 reverse mortgage loan or assessing any fees, a lender must:

4.10 (1) refer the prospective borrower to an independent housing counseling agency  
4.11 approved by the Department of Housing and Urban Development. The certificate must for  
4.12 reverse mortgage counseling. The lender shall provide the prospective borrower with a  
4.13 list of at least three independent housing counseling agencies. The lender shall positively  
4.14 promote the benefits of reverse mortgage counseling to the potential borrower; and

4.15 (2) receive a certification from the applicant or the applicant's authorized  
4.16 representative that the applicant has received counseling as defined in this subdivision  
4.17 from an independent housing counseling agency. The certification must be signed by the  
4.18 ~~mortgagor~~ applicant and the counselor from the independent agency and must include the  
4.19 date of the counseling, and the name, address, and telephone number of both the mortgagor  
4.20 ~~and the organization providing counseling.~~ counselor from the independent agency and  
4.21 the applicant. The lender shall maintain the certification in an accurate, reproducible, and  
4.22 accessible format for the term of the reverse mortgage. A failure by the lender to comply  
4.23 with this subdivision results in a \$1,000 civil penalty payable to the mortgagor borrower.

4.24 For the purposes of this subdivision:

4.25 (i) "independent counseling agency" means an agency approved by the United States  
4.26 Department of Housing and Urban Development, domiciled in Minnesota, to provide loan  
4.27 counseling that has no business relationship with the lender and, except for an authorized  
4.28 foreclosure prevention counseling agency, as defined in section 580.021, subdivision 2,  
4.29 neither makes loans nor refers borrowers to any person or entity that makes loans; and

4.30 (ii) "counseling" means that during a session, which must be no less than 60 minutes,  
4.31 the following services are provided to the borrower:

4.32 ~~(1) (A)~~ (A) a review of the advantages and disadvantages of a reverse mortgage  
4.33 programs loan;

4.34 ~~(2) an explanation of how the reverse mortgage affects the borrower's estate and~~  
4.35 ~~public benefits;~~

5.1 ~~(3) an explanation of the lending process;~~

5.2 ~~(4) a discussion of the borrower's supplemental income needs; and~~

5.3 ~~(5) an opportunity to ask questions of the counselor.~~

5.4 (B) a discussion of the borrower's finances, assets, liabilities, expenses, and income  
5.5 needs and a review of options other than a reverse mortgage loan that are available to the  
5.6 borrower, including other housing, social services, health, and financial options;

5.7 (C) a review of other home equity conversion or other loan options that are or may  
5.8 become available to the borrower;

5.9 (D) an explanation of the financial implication of entering into a reverse mortgage  
5.10 loan, including the costs of the loan;

5.11 (E) an explanation that a reverse mortgage loan may have tax consequences, affect  
5.12 eligibility for assistance under federal and state programs, and have an impact on the  
5.13 estate and heirs of the borrower;

5.14 (F) an explanation of the lending process;

5.15 (G) an opportunity for the borrower to ask questions of the counselor;

5.16 (H) an explanation that:

5.17 (aa) the lender may not condition a reverse mortgage loan on the purchase of an  
5.18 annuity, investment, life insurance, or long-term care insurance product; and

5.19 (bb) a reverse mortgage loan cannot obligate the borrower to purchase an annuity,  
5.20 investment, life insurance, or long-term care insurance product; and

5.21 (I) notification to the borrower that, following the receipt of a written commitment  
5.22 to make a reverse mortgage loan and prior to the expiration of the seven-day cooling off  
5.23 period provided under subdivision 10, the borrower may seek additional information and  
5.24 an analysis of the commitment from the counselor.

5.25 Sec. 4. Minnesota Statutes 2008, section 47.58, is amended by adding a subdivision to  
5.26 read:

5.27 Subd. 9. **Lender default; forfeiture.** A lender who fails to make loan advances  
5.28 as required in the loan documents, and fails to cure an actual default after notice as  
5.29 specified in the loan documents, shall forfeit any right to repayment of the outstanding  
5.30 loan balance with respect to a mortgage that is not federally insured. Any mortgage that is  
5.31 not federally insured securing a reverse mortgage loan agreement in which a forfeiture  
5.32 has occurred pursuant to this subdivision may be declared null and void by a court of  
5.33 competent jurisdiction.

6.1 Sec. 5. Minnesota Statutes 2008, section 47.58, is amended by adding a subdivision to  
6.2 read:

6.3 Subd. 10. **Seven-day cooling off period; right of rescission.** (a) A borrower shall  
6.4 not be bound for seven days after the borrower's acceptance, in writing, of the lender's  
6.5 written commitment to make the reverse mortgage loan, and cannot be required to close  
6.6 or proceed with the loan during that time period. The lender shall provide the borrower  
6.7 with written notice of the seven-day cooling off period, which must be on a separate  
6.8 sheet of paper and in at least ten-point type. A borrower may not waive the provisions of  
6.9 this paragraph.

6.10 (b) The borrower may rescind any reverse mortgage loan within three days of  
6.11 execution, as provided in Code of Federal Regulations, Regulation Z.

6.12 Sec. 6. Minnesota Statutes 2008, section 47.58, is amended by adding a subdivision to  
6.13 read:

6.14 Subd. 11. **Sales of insurance products in connection with reverse mortgage loan**  
6.15 transactions. No lender, mortgage broker, or residential mortgage originator may:

6.16 (1) require the purchase of an annuity, investment, life insurance, or long-term care  
6.17 insurance product as a condition of obtaining a reverse mortgage loan;

6.18 (2) enter into any agreement to make a reverse mortgage loan that obligates the  
6.19 borrower to purchase an annuity, investment, life insurance, or long-term care insurance  
6.20 product; or

6.21 (3) receive compensation for providing the borrower with information relating to an  
6.22 annuity, investment, life insurance, or long-term care insurance product.

6.23 For the purposes of this subdivision, "mortgage broker" has the meaning given in  
6.24 section 58.02, subdivision 13, and "residential mortgage originator" has the meaning given  
6.25 in section 58.02, subdivision 19.

6.26 Sec. 7. **[58.19] REVERSE MORTGAGE LOANS COORDINATION WITH**  
6.27 **CHAPTER 47.**

6.28 No person acting as a residential mortgage originator or servicer, including a person  
6.29 required to be licensed under this chapter, and no person exempt from the licensing  
6.30 requirements of this chapter under section 58.04, shall make, provide, or arrange for a  
6.31 reverse mortgage as defined in chapter 47 without complying with that chapter.

6.32 Sec. 8. Minnesota Statutes 2009 Supplement, section 463.251, subdivision 3, is  
6.33 amended to read:

7.1 Subd. 3. **Securing building by city; lien.** If the owner of the building or a holder of  
7.2 the sheriff's certificate of sale fails to either comply or provide to the governing body a  
7.3 reasonable plan and schedule to comply with an order issued under subdivision 2 or to  
7.4 request a hearing on the order within ~~14~~ six days after the order is served, the governing  
7.5 body shall cause the building to be properly secured and the cost of securing the building  
7.6 may be charged against the real estate as provided in section 463.21. In the metropolitan  
7.7 area, as defined in section 473.121, subdivision 2, the governing body may work with  
7.8 neighborhood associations to develop and implement plans to secure vacant buildings in  
7.9 a timely and cost-effective fashion. The city may use rehabilitation and revitalization  
7.10 funds in implementing this section.

7.11 Sec. 9. Minnesota Statutes 2008, section 580.03, is amended to read:

7.12 **580.03 NOTICE OF SALE; SERVICE ON OCCUPANT.**

7.13 Six weeks' published notice shall be given that such mortgage will be foreclosed by  
7.14 sale of the mortgaged premises or some part thereof, and at least four weeks before the  
7.15 appointed time of sale a copy of such notice shall be served in like manner as a summons  
7.16 in a civil action in the district court upon the person in possession of the mortgaged  
7.17 premises, if the same are actually occupied. If there be a building on such premises used  
7.18 by a church or religious corporation, for its usual meetings, service upon any officer  
7.19 or trustee of such corporation shall be a sufficient service upon it. The ~~notice~~ notices  
7.20 required by sections 580.041 and 580.042 must be served simultaneously with the notice  
7.21 of foreclosure required by this section.

7.22 Sec. 10. Minnesota Statutes 2008, section 580.041, as amended by Laws 2009, chapter  
7.23 123, section 7, and Laws 2009, chapter 130, section 7, is amended to read:

7.24 **580.041 FORECLOSURE ADVICE AND REDEMPTION RIGHTS NOTICE**  
7.25 **TO OWNERS.**

7.26 Subd. 1a. **Applicability.** This section applies to foreclosure of mortgages by  
7.27 advertisement under this chapter and foreclosure of mortgages by action under chapter  
7.28 581 on property consisting of one to four family dwelling units, one of which the owner  
7.29 occupies as the owner's principal place of residency when the notice of pendency under  
7.30 section 580.032 or the lis pendens for a foreclosure under chapter 581 is recorded.

7.31 Subd. 1b. **Form and delivery of foreclosure advice notice.** The foreclosure advice  
7.32 notice required by this section must be in 14-point boldface type and must be printed on  
7.33 colored paper that is other than the color of the notice of foreclosure required by sections  
7.34 580.03 and 580.04 and the notice of redemption rights required by this section, and that

8.1 does not obscure or overshadow the content of the notice. The title of the notice must  
8.2 be in 20-point boldface type. The notice must be on its own page. The foreclosure  
8.3 advice notice required by this section must be delivered with the notice of foreclosure  
8.4 required by sections 580.03 and 580.04. The foreclosure advice notice required by this  
8.5 section also must be delivered with each subsequent written communication regarding the  
8.6 foreclosure mailed to the mortgagor by the foreclosing party up to the day of redemption.  
8.7 A foreclosing mortgagee will be deemed to have complied with this section if it sends  
8.8 the foreclosure advice notice required by this section at least once every 60 days during  
8.9 the period of the foreclosure process. The foreclosure advice notice required by this  
8.10 section must not be published.

8.11 Subd. 1c. **Form and delivery of notice of redemption rights.** The notice of  
8.12 redemption rights required by this section must be in 14-point boldface type and must be  
8.13 printed on colored paper that is other than the color of the notice of foreclosure required  
8.14 by sections 580.03 and 580.04 and the foreclosure advice notice required by this section,  
8.15 and that does not obscure or overshadow the content of the notice. The title of the notice  
8.16 must be in 20-point boldface type. The notice must be on its own page. The notice of  
8.17 redemption rights must be delivered with the notice of foreclosure required by sections  
8.18 580.03 and 580.04. The notice of redemption rights required by this section must not  
8.19 be published.

8.20 Subd. 2. **Content of foreclosure advice notice.** The foreclosure advice notice  
8.21 required by this section must appear substantially as follows:

8.22 "Help For Homeowners in Foreclosure

8.23 The attorney preparing this foreclosure is: \_\_\_\_\_  
8.24 (Attorney name, address, phone)

8.25 It is being prepared for:

8.26 \_\_\_\_\_  
8.27 (Lender name, loss mitigation phone number)

8.28 AS OF [insert date], this lender says that you owe \$[insert dollar amount] to bring  
8.29 your mortgage up to date (or "reinstate" your mortgage). You must pay this amount,  
8.30 plus interest and other costs, to keep your house from going through a sheriff's sale.

8.31 The sheriff's sale is scheduled for [insert date] at [insert time] at [insert place].

8.32 Mortgage foreclosure is a complex process. People may contact you with advice and  
8.33 offers to help "save" your home.

8.34 **Remember:** It is important that you learn as much as you can about foreclosure and  
8.35 your situation. Find out about all your options before you make any agreements with  
8.36 anyone about the foreclosure of your home.

8.37 **Getting Help**

9.1 As soon as possible, you should contact your lender at the above number to talk  
9.2 about things you might be able to do to prevent foreclosure. You should also  
9.3 consider contacting the foreclosure prevention counselor in your area. A foreclosure  
9.4 prevention counselor can answer your questions, offer free advice, and help you  
9.5 create a plan which makes sense for your situation.

9.6 Contact the Minnesota Home Ownership Center at 651-659-9336  
9.7 or 866-462-6466 or [www.hocmn.org](http://www.hocmn.org) or contact the United States  
9.8 [Department of Housing and Urban Development at 1-800-569-4287 or](http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search=MN#searchArea)  
9.9 [www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search=MN#searchArea](http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search=MN#searchArea)  
9.10 to get the phone number and location of the nearest certified counseling organization.  
9.11 Call today. The longer you wait, the fewer options you may have for a desirable  
9.12 result.

9.13 **~~Information About the Foreclosure Process~~**

9.14 ~~You do not need to move at the time of the sheriff's sale. After the sheriff's sale you~~  
9.15 ~~have the right to "redeem." Redeem means that you pay off the entire loan amount~~  
9.16 ~~plus fees to keep your house. You can keep living in your home for a period of time.~~  
9.17 ~~This is called a "redemption period." The redemption period is [insert number of~~  
9.18 ~~months] months after the sheriff's sale. This redemption period is your chance to~~  
9.19 ~~try and sell your home or refinance it with a different loan. You can also pay the~~  
9.20 ~~redemption amount with any other funds you have available. At the end of the~~  
9.21 ~~redemption period you will have to leave your home. If you do not, the person or~~  
9.22 ~~company that bid on your home at the sheriff's sale has the right to file an eviction~~  
9.23 ~~against you in district court."~~

9.24 Subd. 2a. **Content of notice of redemption rights.** The notice of redemption rights  
9.25 required by this section must appear substantially as follows:

9.26 **"What Happens After the Foreclosure Sale**

9.27 After the sheriff's sale, you have the right to "redeem." Redeem means that you pay the  
9.28 amount bid for your house at the sheriff's sale, plus interest and costs, to keep your house.  
9.29 You can keep living in your home for a period of time after the foreclosure sale. This is  
9.30 called a "redemption period." The redemption period is [insert number of months] months  
9.31 after the sheriff's sale.

9.32 At the end of the redemption period, if you do not redeem or sell, you will have to  
9.33 leave your home. If you do not leave, the person or company that bid on your home at the  
9.34 sheriff's sale has the right to file an eviction against you in court.

9.35 **Be Careful of Foreclosure Scams**

10.1 Be careful! After the foreclosure sale, people may approach you to buy your house  
10.2 or ask you to transfer your house to them for little or no money.

10.3 Before you give up the rights to your house or sign any documents (including a  
10.4 deed), be sure you know how much the house sold for at the sheriff's sale and decide if  
10.5 you can save the house by paying the amount of the bid, plus interest and costs.

10.6 **How to Find Out How Much Your House Sold For at the Foreclosure Sale**

10.7 The amount you need to pay to redeem your house may be less than the amount you  
10.8 owed on the mortgage before the sale. You can learn what this amount is (and who the  
10.9 winning bidder at the sale was) by attending the sheriff's sale or by contacting the sheriff's  
10.10 office after the sale.

10.11 **You Can Also Sell Your House**

10.12 During the redemption period, if you sell your home, you must sell it for enough  
10.13 to pay off the winning bidder from the sheriff's sale and pay interest, fees, and other  
10.14 claims against the property. If there is any money left from the sale of the house after all  
10.15 these debts are paid, you can keep the money. You can also enter into a "short sale." A  
10.16 short sale is an agreement in which the lender agrees to accept less than the full amount  
10.17 you owe on the mortgage.

10.18 **Get More Information and Advice**

10.19 For more information and advice, contact an attorney or a mortgage  
10.20 foreclosure prevention counselor. You can find a mortgage foreclosure  
10.21 prevention counselor by contacting the Minnesota Home Ownership Center  
10.22 at 651-659-9336 or 866-462-6466 or [www.hocmn.org](http://www.hocmn.org) or contact the United  
10.23 States Department of Housing and Urban Development at 1-800-569-4287 or  
10.24 [www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search=MN#searchArea](http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search=MN#searchArea) to get  
10.25 the phone number and location of the nearest certified counseling organization."

10.26 Subd. 3. **Affidavit.** Any person may establish compliance with or inapplicability of  
10.27 this section by recording, with the county recorder or registrar of titles, an affidavit by  
10.28 a person having knowledge of the facts, stating that the notice required by this section  
10.29 has been delivered in compliance with this section or that this section is not applicable  
10.30 because the property described in the notice of foreclosure did not consist of one to four  
10.31 family dwelling units, one of which was occupied by the owner as the owner's principal  
10.32 place of residency. The affidavit and a certified copy of a recorded affidavit shall be prima  
10.33 facie evidence of the facts stated in the affidavit. The affidavit may be recorded regarding  
10.34 any foreclosure sale, including foreclosure sales which occurred prior to August 1, 2005,  
10.35 and may be recorded separately or as part of the record of a foreclosure.

11.1 Subd. 4. **Validation of foreclosure sales.** No mortgage foreclosure sale under this  
11.2 chapter shall be invalid because of failure to comply with this section unless an action  
11.3 to invalidate the sale is commenced and a notice of lis pendens is filed with the county  
11.4 recorder or registrar of titles within one year after the last day of the redemption period of  
11.5 the mortgagor, the mortgagor's personal representatives, or assigns. This subdivision shall  
11.6 not affect any action or proceeding pending on August 1, 2005, or which is commenced  
11.7 before February 1, 2006, in any court of this state, provided a notice of lis pendens of the  
11.8 action is filed with the county recorder or registrar of titles before February 1, 2006.

11.9 **EFFECTIVE DATE.** This section is effective August 1, 2010, and applies to  
11.10 notices delivered on or after that date.

11.11 Sec. 11. Minnesota Statutes 2008, section 580.06, is amended to read:

11.12 **580.06 SALE, HOW AND BY WHOM MADE; NOTICE TO MORTGAGOR.**

11.13 **Subdivision 1. Requirements for sale.** The sale shall be made by the sheriff or the  
11.14 sheriff's deputy at public venue to the highest bidder, in the county in which the premises  
11.15 to be sold, or some part thereof, are situated, between 9:00 a.m. and 4:00 p.m.

11.16 **Subd. 2. Notice of results of sale required; contents.** (a) Except as provided in  
11.17 paragraph (c), a person attempting to acquire fee title to the mortgagor's property directly  
11.18 from the mortgagor following the sheriff's sale and prior to the end of the redemption  
11.19 period must provide to the mortgagor, by personal delivery three days prior to entering into  
11.20 an agreement with the mortgagor to acquire title, notice of the results of the foreclosure  
11.21 as provided under paragraph (b).

11.22 (b) The notice required under paragraph (a) must contain the following information:

11.23 (1) the date the sale occurred;

11.24 (2) the identity of the purchaser and any assignees of the purchaser;

11.25 (3) the sheriff's sale price; and

11.26 (4) the following statement: "There are very important things you need to know now  
11.27 that your house has been auctioned at the sheriff's sale:

11.28 (i) you have (insert the number of months) to "redeem," which means to pay  
11.29 the winning bidder the sale price listed above (plus interest and costs) and keep  
11.30 your house;

11.31 (ii) whether you can pay off the amount or not, YOU DO NOT HAVE TO MOVE  
11.32 RIGHT AWAY. YOU CAN KEEP LIVING IN YOUR HOME until the end of this  
11.33 redemption period;

12.1 (iii) read all notices and documents related to the foreclosure of your home  
12.2 carefully!! THE AMOUNT YOU NEED TO PAY THE WINNING BIDDER TO  
12.3 REDEEM YOUR HOUSE (THE SHERIFF'S SALE PRICE LISTED ABOVE, PLUS  
12.4 INTEREST AND COSTS) MAY BE LESS THAN THE AMOUNT YOU OWED ON  
12.5 YOUR MORTGAGE BEFORE THE SHERIFF'S SALE; and

12.6 (iv) you can also try to sell your home during this "redemption period." You must sell  
12.7 it for enough to pay off the winning bidder from the sheriff's sale and pay interest, fees, and  
12.8 other claims against the property. You can also enter into a "short sale." A short sale is an  
12.9 agreement in which the lender accepts less than the full amount you owe on the mortgage.

12.10 If there is any money left from the sale of the house after all these debts are paid,  
12.11 you can keep the money.

12.12 For more information and advice, contact an attorney or a mortgage  
12.13 foreclosure prevention counselor. You can find a mortgage foreclosure prevention  
12.14 counselor in your county by calling the Minnesota Home Ownership Center  
12.15 at 651-659-9336 or 866-462-6466 or [www.hocmn.org](http://www.hocmn.org) or contact the United  
12.16 States Department of Housing and Urban Development at 1-800-569-4287 or  
12.17 [www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search=MN#searchArea](http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search=MN#searchArea).

12.18 (c) This subdivision does not apply to:

12.19 (1) a seller or buyer who has entered into a signed agency agreement, facilitator  
12.20 agreement, or other written agreement to buy or sell the mortgagor's property with a  
12.21 person licensed under chapter 82;

12.22 (2) a buyer who offers to buy the mortgagor's property for a purchase price that  
12.23 meets or exceeds the amount required to be paid by the mortgagor to redeem the property,  
12.24 unless the buyer or the mortgagor enters into a short sale agreement with the holder of  
12.25 the sheriff's certificate in which the holder agrees to accept less than the full amount  
12.26 required to redeem;

12.27 (3) a foreclosing lender acquiring the mortgagor's property by a deed in lieu of  
12.28 foreclosure;

12.29 (4) a nonprofit lender holding a certificate of exemption from the Department of  
12.30 Commerce; or

12.31 (5) the state or a local unit of government or an agent of the state or a local unit  
12.32 of government.

12.33 Subd. 3. **Private right of action.** (a) Any person who violates subdivision 2 is liable  
12.34 to the mortgagor for the sum of:

12.35 (1) actual, incidental, and consequential damages;

12.36 (2) \$1,000 statutory damages; and

13.1 (3) costs, disbursements, and reasonable attorney fees.

13.2 (b) It shall be a rebuttable presumption that a person has complied with subdivision  
13.3 2 if the person has recorded with the county recorder or registrar of titles an affidavit by a  
13.4 person having knowledge of the facts, stating that the mortgagor received the notice  
13.5 required under subdivision 2. The affidavit and a certified copy of a recorded affidavit  
13.6 shall be prima facie evidence of the facts stated in the affidavit.

13.7 **EFFECTIVE DATE.** This section is effective August 1, 2010, and applies to  
13.8 sheriff's sales conducted on or after that date. This section, including any subsequent  
13.9 amendments to subdivision 2 or 3, expires on December 31, 2012.

13.10 Sec. 12. Minnesota Statutes 2008, section 580.30, subdivision 1, is amended to read:

13.11 Subdivision 1. **Reinstatement.** In any proceedings for the foreclosure of a real  
13.12 estate mortgage, whether by action or by advertisement, if at any time before the sale  
13.13 of the premises under such foreclosure the mortgagor, the owner, or any holder of any  
13.14 subsequent encumbrance or lien, or any one for them, shall pay or cause to be paid to the  
13.15 holder of the mortgage so being foreclosed, or to the attorney foreclosing the same, or  
13.16 to the sheriff of the county, the amount actually due thereon and constituting the default  
13.17 actually existing in the conditions of the mortgage at the time of the commencement of the  
13.18 foreclosure proceedings, including insurance, delinquent taxes, if any, upon the premises,  
13.19 interest to date of payment, cost of publication and services of process or notices,  
13.20 attorney's fees not exceeding \$150 or one-half of the attorney's fees authorized by section  
13.21 582.01, whichever is greater, any costs incurred when an order to reduce a mortgagor's  
13.22 redemption period under section 582.032 is entered, including costs and disbursements  
13.23 awarded under section 582.032, subdivision 9, together with other lawful disbursements  
13.24 necessarily incurred in connection with the proceedings by the party foreclosing, then,  
13.25 and in that event, the mortgage shall be fully reinstated and further proceedings in such  
13.26 foreclosure shall be thereupon abandoned.

13.27 Sec. 13. Minnesota Statutes 2008, section 582.03, subdivision 1, is amended to read:

13.28 Subdivision 1. **Allowable costs collectable upon redemption.** The holder of any  
13.29 sheriff's certificate of sale, from a foreclosure by advertisement or action of a mortgage  
13.30 or lien or execution, or the holder of any certificate of redemption as a junior creditor  
13.31 during the period of redemption, may pay and claim the following on redemption: any  
13.32 taxes or assessments on which any penalty would otherwise accrue, and any costs of  
13.33 a hazard insurance policy for the holder's interest in the mortgaged premises incurred  
13.34 for the period of holding the sheriff's certificate, any costs incurred when an order to

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14.1 reduce a mortgagor's redemption period under section 582.032 is entered, including costs  
14.2 and disbursements awarded under section 582.032, subdivision 9, any fees paid to the  
14.3 county recorder, registrar of titles, or sheriff to obtain or record the certificates of sale or  
14.4 redemption or notices of intention to redeem, any reasonable fees paid to licensed real  
14.5 estate brokers for broker price opinions or to licensed appraisers for appraisals, any deed  
14.6 tax paid to file a certificate of redemption, reasonable attorney fees incurred after the  
14.7 foreclosure sale not to exceed one-half of the amount authorized by section 582.01, any  
14.8 costs incurred under section 582.031, and any interest or installment of principal upon  
14.9 any prior or superior mortgage, lien, or contract for deed in default or that becomes due  
14.10 during the period of redemption. In all such cases, the costs so paid and claimed due, with  
14.11 interest, shall be a part of the sum required to be paid to redeem from such sale. No other  
14.12 costs, fees, interest, or other amount may be added to the amount necessary to redeem.

14.13 Sec. 14. Minnesota Statutes 2008, section 582.032, is amended by adding a subdivision  
14.14 to read:

14.15 Subd. 9. Costs. Upon motion of a political subdivision that initiated a proceeding  
14.16 under subdivision 4 or intervened under subdivision 5, if an order is entered to reduce  
14.17 the redemption period to five weeks, the court shall award costs and disbursements to  
14.18 the political subdivision. The party foreclosing the mortgage or holding the sheriff's  
14.19 certificate of sale is liable for an award under this subdivision but may recover these  
14.20 amounts upon reinstatement or redemption as provided in section 580.30, subdivision 1,  
14.21 or 582.03, subdivision 1.