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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4670

03/07/2024

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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 real estate; limiting the exercise of a due-on-sale clause; amending
1.3 Minnesota Statutes 2022, sections 58.13, by adding a subdivision; 513.33, by
1.4 adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2022, section 58.13, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 3. Limitation on exercise of due-on-sale clauses. (a) With respect to any loan
1.9 secured by residential real property, a lender is prohibited from exercising a due-on-sale
1.10 clause upon:

1.11 (1) a transfer on death deed conveying or assigning the deceased borrower's interest in
1.12 the property to a grantee beneficiary;

1.13 (2) a transfer by devise, descent, or operation of law upon the death of a joint tenant;

1.14 (3) a transfer by which the borrower's spouse or children become an owner of the
1.15 property;

1.16 (4) a transfer resulting from a dissolution of marriage decree, legal separation agreement,
1.17 or from an incidental property settlement agreement, by which the borrower's spouse becomes
1.18 an owner of the property; or

1.19 (5) a transfer into an inter vivos trust by which the borrower is and remains a beneficiary,
1.20 and which does not relate to a transfer of occupancy rights in the property.

1.21 (b) Paragraph (a) does not apply to a reverse mortgage made under section 47.58.

2.1 (c) Notwithstanding section 58.18, subdivision 4, a person aggrieved by a violation of
2.2 this subdivision has a cause of action for equitable relief, reasonable attorney fees, and costs.

2.3 Sec. 2. Minnesota Statutes 2022, section 513.33, is amended by adding a subdivision to
2.4 read:

2.5 Subd. 4. **Creditor duty to notify debtor of right to repossess.** Notwithstanding this
2.6 section, a creditor who has a contractual right to repossess property and who has accepted
2.7 one or more late payments has an affirmative duty to provide advance written notice to a
2.8 debtor. The notice must state that, after the date on the notice, strict compliance with the
2.9 terms of the agreement is required and failure to strictly comply may result in repossession.