

CHAPTER 132—H.F.No. 1515

An act relating to real property; landlord and tenant; modifying certain late fee provisions; clarifying certain provisions related to eviction from property subject to foreclosure; amending Minnesota Statutes 2010, sections 504B.177; 504B.285, subdivisions 1b, 1c; Minnesota Statutes 2011 Supplement, section 504B.285, subdivision 1a.

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

Section 1. Minnesota Statutes 2010, section 504B.177, is amended to read:

504B.177 LATE FEES.

(a) A landlord of a residential building may not charge a late fee if the rent is paid after the due date, unless the tenant and landlord have agreed in writing that a late fee may be imposed. The agreement must specify when the late fee will be imposed. In no case may the late fee exceed eight percent of the overdue rent payment. Any late fee charged or collected is not considered to be either interest or liquidated damages. For purposes of this paragraph, the "due date" does not include a date, earlier than the date contained in the written or oral lease by which, if the rent is paid, the tenant earns a discount.

(b) Notwithstanding paragraph (a), if a federal statute, regulation, or handbook providing for permitting late fees for a tenancy subsidized under a federal program conflicts with paragraph (a), then the landlord may ~~continue to~~ publish and implement a late payment fee schedule that complies with the federal statute, regulation, or handbook.

Sec. 2. Minnesota Statutes 2011 Supplement, section 504B.285, subdivision 1a, is amended to read:

Subd. 1a. **Grounds when the person holding over is a tenant in a foreclosed residential property.** (a) For any eviction action commenced on or before December 31, ~~2012~~ 2014, with respect to residential real property or a dwelling where the person holding the residential real property or dwelling after the expiration of the time for redemption on foreclosure of a mortgage was a tenant during the redemption period under a lease of any duration, and the lease began after the date the mortgage was executed, but prior to the expiration of the time for redemption, the immediate successor in interest must provide at least 90 days' written notice to vacate, given no sooner than the date of the expiration of the time for redemption, and effective no sooner than 90 days after the date of the expiration of the time for redemption, provided that the tenant pays the rent and abides by all terms of the lease.

(b) For any eviction action commenced on or before December 31, ~~2012~~ 2014, with respect to residential real property or a dwelling where the term of a bona fide lease extends more than 90 days beyond the date of the expiration of the time for redemption, the immediate successor in interest must allow the tenant to occupy the premises until the end of the remaining term of the lease, and provide at least 90 days' written notice to

vacate, effective no sooner than the date the lease expires, provided that the tenant pays the rent and abides by all terms of the lease, except if the immediate successor in interest or an immediate subsequent bona fide purchaser will occupy the unit as the primary residence, the immediate successor in interest must provide at least 90 days' written notice to vacate, given no sooner than the date of the expiration of the time for redemption, effective no sooner than 90 days after the date of the expiration of the time for redemption, provided that the tenant pays the rent and abides by all terms of the lease.

For purposes of this section, a "bona fide lease" means:

- (1) the mortgagor or the child, spouse, or parent of the mortgagor is not the tenant;
- (2) the lease or tenancy was the result of an arm's-length transaction; and
- (3) the lease or tenancy requires the receipt of rent that is not substantially less than fair market rent for the property or the unit's rent is reduced or subsidized by a federal, state, or local subsidy.

(c) For any eviction action commenced on or before December 31, ~~2012~~ 2014, with respect to residential real property or a dwelling involving a tenancy subject to section 8 of the United States Housing Act of 1937, as amended, where the term of the lease extends more than 90 days beyond the date of the expiration of the time for redemption, the immediate successor in interest must allow the tenant to occupy the premises until the end of the remaining term of the lease and provide at least 90 days' written notice to vacate, effective no sooner than the date the lease expires, provided that the tenant pays the rent and abides by all terms of the lease, except if the immediate successor in interest will occupy the unit as the primary residence, the immediate successor in interest must provide at least 90 days' written notice to vacate, given no sooner than the date of the expiration of the time for redemption, effective no sooner than 90 days after the date of the expiration of the time for redemption, provided that the tenant pays the rent and abides by all terms of the lease.

Sec. 3. Minnesota Statutes 2010, section 504B.285, subdivision 1b, is amended to read:

Subd. 1b. **Grounds when the person holding over is a tenant in a property subject to a contract for deed.** For any eviction action commenced on or before December 31, ~~2012~~ 2014, the person entitled to the premises may recover possession by eviction when any person holds over real property after termination of contract to convey the property, provided that if the person holding the real property after the expiration of the time for termination was a tenant during the termination period under a lease of any duration and the lease began after the date the contract for deed was executed but prior to the expiration of the time for termination, and the person has received:

(1) at least two months' written notice to vacate no sooner than one month after the expiration of the time for termination, provided that the tenant pays the rent and abides by all terms of the lease; or

(2) at least two months' written notice to vacate no later than the date of the expiration of the time for termination, which notice shall also state that the sender will hold the tenant harmless for breaching the lease by vacating the premises if the contract is reinstated.

Sec. 4. Minnesota Statutes 2010, section 504B.285, subdivision 1c, is amended to read:

Subd. 1c. **Grounds for evictions on or after January 1, ~~2013~~ 2015.** For any eviction action commenced on or after January 1, ~~2013~~ 2015, the person entitled to the

premises may recover possession by eviction when any person holds over real property after the expiration of the time for redemption on foreclosure of a mortgage, or after termination of contract to convey the property, provided that if the person holding the real property after the expiration of the time for redemption or termination was a tenant during the redemption or termination period under a lease of any duration, and the lease began after the date the mortgage or contract for deed was executed, but prior to the expiration of the time for redemption or termination and the person holding the premises has received:

(1) at least two months' written notice to vacate no sooner than one month after the expiration of the time for redemption or termination, provided that the tenant pays the rent and abides by all terms of the lease; or

(2) at least two months' written notice to vacate no later than the date of the expiration of the term for redemption or termination, which notice shall also state that the sender will hold the tenant harmless for breaching the lease by vacating the premises if the mortgage is redeemed or the contract is reinstated.

Presented to the governor March 16, 2012

Signed by the governor March 20, 2012, 3:33 p.m.