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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 3027

04/24/2012 Authored by Mullery

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act  
1.2 relating to mortgage foreclosures; providing foreclosed homeowners with the  
1.3 right to stay in the home for a longer period of time; amending Minnesota  
1.4 Statutes 2010, section 580.041, subdivision 2a; Minnesota Statutes 2011  
1.5 Supplement, section 580.06, subdivision 2; proposing coding for new law in  
1.6 Minnesota Statutes, chapter 580.

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

1.8 Section 1. Minnesota Statutes 2010, section 580.041, subdivision 2a, is amended to  
1.9 read:

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

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

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

1.18 ~~At~~ After the end of the redemption period, if you do not redeem or sell, you will  
1.19 have to leave your home. You will have the right to remain in your home until two weeks  
1.20 before the buyer of the home moves into the home. If you do not leave, the person  
1.21 or company that bid on your home at the sheriff's sale has the right to file an eviction  
1.22 against you in court.

1.23 **Be Careful of Foreclosure Scams**

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

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

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

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

2.9 **You Can Also Sell Your House**

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

2.16 **Get More Information and Advice**

2.17 For more information and advice, contact an attorney or a mortgage  
 2.18 foreclosure prevention counselor. You can find a mortgage foreclosure  
 2.19 prevention counselor by contacting the Minnesota Home Ownership Center  
 2.20 at 651-659-9336 or 866-462-6466 or [www.hocmn.org](http://www.hocmn.org) or contact the United  
 2.21 States Department of Housing and Urban Development at 1-800-569-4287 or  
 2.22 [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  
 2.23 the phone number and location of the nearest certified counseling organization."

2.24 Sec. 2. Minnesota Statutes 2011 Supplement, section 580.06, subdivision 2, is  
 2.25 amended to read:

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

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

2.33 (1) the date the sale occurred;

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

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

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

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

3.5 (ii) whether you can pay off the amount or not, YOU DO NOT HAVE TO MOVE  
3.6 RIGHT AWAY. YOU CAN KEEP LIVING IN YOUR HOME until the end of this  
3.7 redemption period and for an additional period of two weeks before a buyer of the home  
3.8 moves into the home;

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

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

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

3.20 For more information and advice, contact an attorney or a mortgage foreclosure  
3.21 prevention counselor. You can find a mortgage foreclosure prevention counselor in  
3.22 your county by calling the Minnesota Home Ownership Center at 651-659-9336 or  
3.23 866-462-6466 or [www.hocmn.org](http://www.hocmn.org) or contact the United States Department of Housing  
3.24 and Urban Development at 1-800-569-4287 or [www.hud.gov](http://www.hud.gov)."

3.25 (c) This subdivision does not apply to:

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

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

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

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

4.3 (5) the state or a local unit of government or an agent of the state or a local unit  
4.4 of government.

4.5 Sec. 3. **[580.061] LIMITED RIGHT TO REMAIN IN HOME AFTER**  
4.6 **REDEMPTION PERIOD.**

4.7 After the end of the redemption period of residential real property, the former owner  
4.8 may retain possession and continue to occupy the property until two weeks prior to the day  
4.9 a new owner moves into the property. For purposes of this section, "new owner" means an  
4.10 individual who, or an entity that, purchased the property from the former owner's lender or  
4.11 from an intermediary owner. "New owner" does not include the former lender.

4.12 Sec. 4. **EFFECTIVE DATE.**

4.13 Sections 1 to 3 are effective for foreclosures commenced on or after August 1, 2012.