A bill for an act

relating to landlord and tenant; modifying expungement and withholding of rent under certain circumstances; amending Minnesota Statutes 2006, sections 484.014, by adding a subdivision; 504B.178, subdivision 8.

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

Section 1. Minnesota Statutes 2006, section 484.014, is amended by adding a subdivision to read:

Subd. 3. **Mandatory expungement.** The court shall order expungement of an eviction case commenced solely on the grounds provided in section 504B.285, subdivision 1, clause (1), if the court finds that:

(a) the defendant occupied real property which was subject to contract for deed cancellation or mortgage foreclosure; and

(b) either:

(1) the time for contract cancellation or foreclosure redemption has expired and the defendant vacated the property prior to commencement of the eviction action; or

(2) the defendant was a tenant during the contract cancellation or foreclosure redemption period and did not receive a notice under section 504B.285, subdivision 1, clause (1), to vacate on a date prior to commencement of the eviction case.

Sec. 2. Minnesota Statutes 2006, section 504B.178, subdivision 8, is amended to read:

Subd. 8. **Withholding rent.** No tenant may withhold payment of all or any portion of rent for the last payment period of a residential rental agreement, except an oral or written month to month residential rental agreement concerning which neither the tenant nor landlord has served a notice to quit, or for the last month of a contract for deed

cancellation period under section 559.21 or a mortgage foreclosure redemption period under chapter 580 or 582, on the grounds that the deposit should serve as payment for the rent. Withholding all or any portion of rent for the last payment period of the residential rental agreement creates a rebuttable presumption that the tenant withheld the last payment on the grounds that the deposit should serve as payment for the rent. Any tenant who remains in violation of this subdivision after written demand and notice of this subdivision shall be liable to the landlord for the following:

(1) a penalty in an amount equal to the portion of the deposit which the landlord is entitled to withhold under subdivision 3 other than to remedy the tenant's default in the payment of rent; and

(2) interest on the whole deposit as provided in subdivision 2, in addition to the amount of rent withheld by the tenant in violation of this subdivision.