

CHAPTER 559

ADVERSE CLAIMS TO REAL ESTATE

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559.01 ACTION TO DETERMINE ADVERSE CLAIMS.

Any person in possession of real property personally or through the person's tenant, or any other person having or claiming title to vacant or unoccupied real property, may bring an action against another who claims an estate or interest therein, or a lien thereon, adverse to the person bringing the action, for the purpose of determining such adverse claim and the rights of the parties, respectively.

History: (9556) *RL s 4424; 1986 c 444*

559.013 STATE AS DEFENDANT.

Subdivision 1. **Service, notice to AG.** The state may be made a party defendant to an action brought under Minnesota Statutes 1949, section 559.01. In such cases where the state is made a party the summons and complaint shall be served upon the attorney general, who shall represent the state in the action and defend in all cases where it appears the state in fact has an interest which will be affected. A notice directed to the attorney general shall be served with the summons and complaint stating the nature of the claim the state makes, or appears to make.

Subd. 2. **Limitations, costs.** If the state is joined in an action under subdivision 1 and interposes an answer so that issue is joined thereon as between the plaintiff and the state, the state, in addition to any costs to which it may be entitled under Minnesota Statutes 1949, section 549.02, may have costs in such amount as the court allows not to exceed \$50, on motion made upon not less than two days' notice, whenever it appears that there was no reasonable ground for joining the state, whether or not there is dismissal as to the state before final judgment.

History: *1953 c 21 s 1,2; 1955 c 332 s 1*

559.02 UNKNOWN DEFENDANTS.

In any action brought under section 559.01, the plaintiff may insert in the title thereof, in addition to the names of such persons as are known or appear of record to have some right, title, estate, interest, or lien in or on the real property in controversy, the following: "Also all other persons unknown claiming any right, title, estate, interest, or lien in the real estate described in the complaint herein." Service of the summons may be had upon all such unknown persons defendant by publication in the same manner as against nonresident defendants, upon the filing of an affidavit of the plaintiff, the plaintiff's agent or attorney, stating the existence of a cause of action under section 559.01, and if in addition to the above known or unknown defendants, the heirs of a deceased person are proper parties defendant, and their names are unknown, and such affidavit shall further state that the heirs of such deceased person are proper parties to such action, and that their names and residences cannot with reasonable diligence be ascertained, then service of summons may be made on such unknown heirs by publication thereof in the same manner as against nonresidents, and in such case the plaintiff may insert in the title thereof the following: "Also the unknown heirs of (naming the deceased) and all other persons unknown claiming any right, title, estate, interest, or lien in the real estate described in the complaint herein." The plaintiff shall, before the commencement of such publication, file with the county recorder a notice of the pendency of the action. All such unknown persons so served shall have the same rights to appear and defend before and after judgment as would named defendants upon whom service is made by publication, and any order or judgment in the action shall be binding upon them, whether they be of age or minors; but, if they be minors when judgment is rendered, they may be allowed to defend at any time within two years after becoming of age.

History: *(9557) RL s 4425; 1919 c 344 s 1; 1923 c 434 s 1; 1967 c 28 s 1; 1976 c 181 s 2; 1986 c 444*

559.03 DISCLAIMER; DEFAULT; COSTS.

If the defendant, in the answer, disclaims any interest in the property, or suffers judgment to be taken against the defendant without answer, the plaintiff cannot recover costs; but if the summons has been served upon the defendant personally, and it is made to appear that after the accrual of the cause of action, and before commencement thereof, the plaintiff demanded in writing of the defendant, and the defendant neglected to execute within a reasonable time thereafter, a good and sufficient quitclaim deed of the property described in the complaint, upon tender of such deed ready for execution, the plaintiff shall nevertheless recover costs.

History: *(9558) RL s 4426; 1986 c 444*

559.04 CLAIMANTS UNDER COMMON GRANTOR; JOINDER.

When lots or tracts of real estate are claimed in severalty by two or more persons from or under conveyance from the same grantor, as the common source of title, and an adverse claim of

title thereto is made by some person as against the title of such grantor, any one claiming under such grantor may bring an action in behalf of the grantor and all others who may come in and become parties thereto against such adverse claimant, to have the title to such grantor perfected or quieted as to such lots or tracts claimed by the plaintiff and the others who may become parties. Any person who so claims under the same grantor as the plaintiff, and whose title is controverted by the same defendant upon the same ground as the title of the plaintiff, may become a party, as of course, by filing a complaint setting forth the property claimed and the source of title, and may have the claimed rights adjudicated with those of the original plaintiff. The answer of the defendant shall be taken as an answer to all who may thus become parties.

History: (9559) *RL s 4427; 1986 c 444*

559.05 ACTION AGAINST COTENANT; DENIAL OF RIGHT.

In an action by a tenant in common or joint tenant of real property against a cotenant, the plaintiff shall show, in addition to the evidence of the plaintiff's right, that the defendant either denied the plaintiff's right, or did some act amounting to such denial.

History: (9560) *RL s 4428; 1986 c 444*

559.06 TERMINATION OF PLAINTIFF'S RIGHT PENDING ACTION.

In an action for the recovery of real property, when the plaintiff shows a right to recover at the time the action was commenced, but it appears that such right has terminated during the pendency of the action, the verdict and judgment shall be according to the fact, and the plaintiff may recover damages for withholding the property.

History: (9561) *RL s 4429*

559.07 EJECTMENT; TRIAL, HOW CONDUCTED; NO SECOND TRIAL.

The trial of all actions of ejectment or of any other action in the courts of this state involving the possession of real estate shall be conducted as are other civil actions, and the right to a second trial of such actions is hereby abolished.

History: (9562) *1911 c 139 s 1*

559.08 EJECTMENT; DAMAGES; IMPROVEMENTS.

Damages for withholding the property recovered shall not exceed the fair value of the use of the property, exclusive of the use of improvements made by the defendant, for a period not exceeding six years; and, when permanent improvements have been made by a defendant, or those under whom the defendant claims, holding under color of title adversely to the claims of the plaintiff, in good faith, the value thereof shall be allowed as a setoff against the damages of the plaintiff.

History: (9563) *RL s 4432; 1986 c 444*

559.09 REMOVAL OF BUILDING ERECTED IN GOOD FAITH.

When any person, in good faith and under color of title, and with good reason to believe that the legal title to land is vested in the person, has erected any building or other structure thereon, when the legal and equitable title thereto was vested in another, such person may remove the same, doing no unnecessary damage, and in so doing shall be liable only for the actual damage to the land. Such removal shall be made within 60 days after the determination adversely to that person of any action or proceeding respecting the title, or within 60 days after notice from the

holder of the legal title to remove the same; provided, if, within 60 days after receiving such notice, such person brings action to try such title, that person may make such removal within 60 days after the determination thereof.

History: (9564) RL s 4433; 1986 c 444

559.10 OCCUPYING CLAIMANT; COMPENSATION FOR IMPROVEMENTS.

When any person, under color of title in fee and in good faith, has peaceably taken possession of land for which that person has given a valuable consideration, or when any person has taken possession of land under the official deed of any person or officer empowered by law or by any court of competent jurisdiction to sell land, and such deed is regular upon its face, and the person has no actual notice of any defects invalidating the same, neither such person, nor the person's heirs, representatives, or assigns, shall be ejected from such land, except as hereinafter provided, until compensation is tendered the person or the person's heirs, representatives, or assigns for such improvement which the person or the person's heirs, representatives, or assigns have made upon such land previous to actual notice of the claim upon which the action is founded, or, in case of possession under an official deed, previous to actual notice of defects invalidating the same. The word "improvement" shall be construed to include all kinds of buildings and fences, and ditching, draining, grubbing, clearing, breaking, and all other necessary or useful labor of permanent value to the land. When the occupant holds as heir, devisee, or grantee, either immediate or remote, of any person who is not a resident of the state, the good faith of the original taker shall be presumed.

History: (9565) RL s 4434; 1986 c 444

559.11 PLEADINGS; TRIAL; VERDICT.

In an action to try the title to land, brought by any person claiming title thereto against the occupant, the occupant may, in addition to other defenses, allege the amount and value of all improvements made, and the amount of all taxes and assessments paid, by the occupant or those under whom the occupant claims, and, if the claim be under an official deed, the purchase money paid therefor; and the claimant may reply, alleging the value of the premises without improvements at the commencement of the action, and also the value of the yearly rent of the land without improvements during the possession of the occupant. In any such action brought by the occupant against a claimant to quiet title or to determine any adverse claim, the claimant, in the answer in addition to setting up the claimant's title, may allege the value of the premises without improvements at the commencement of the action, and also the value of the yearly rent of the land without improvements during the possession of the occupant; and the occupant may, in addition to other proper matters of reply, allege the amount and value of all improvements made, and the amount of all taxes and assessments paid by the occupant or those under whom the occupant claims, and, if the claim be under an official deed, the purchase money paid therefor. In case the title be found to be in the claimant, the jury, or, if the case be tried without a jury, the court, shall assess the value of all improvements made and taxes and assessments paid upon the land by the occupant, or those under whom the occupant claims, with interest at six percent, and, if the occupant claims under an official deed, regular upon its face, and without actual notice of any defect invalidating it, shall also find the purchase money paid by the occupant, or those under whom the occupant claims, with interest at six percent; and the jury or court shall also assess the value of the land at the commencement of the action, without improvements, and also the value of the yearly rent thereof during the occupant's possession. If the land has depreciated in value

since its purchase at an official sale, the jury or court may allow such part only of the purchase money as, in their discretion, they may see fit.

History: (9566) *RL s 4435; 1986 c 444*

559.12 COMPENSATION BEFORE EXECUTION.

If the claimant succeed in the action, execution for possession shall not issue, except as herein provided, unless, within one year from entry of judgment on the verdict or findings, the claimant pay into court for the occupant the amount so found as the value of the improvements, and also the amount of the taxes and assessments, and also the purchase money, if the occupant claim under an official deed as aforesaid, with interest thereon, as aforesaid, less the assessed value of the yearly rent of the land without the improvements during the occupant's possession.

History: (9567) *RL s 4436*

559.13 OCCUPANT TO PAY VALUE OF LAND, WHEN.

Unless the occupant claims under an official deed given either to the occupant or those under whom the occupant claims, as hereinbefore provided, or under an entry in the land office of the United States, or the official certificate, duplicate or receipt thereof, or unless the claimant has had notice, actual or constructive, of the occupant's possession, the claimant may, within 30 days after entry of judgment on the verdict or findings in the claimant's favor, serve upon the occupant a written demand that within one year the occupant pay the claimant the sum assessed as the value of the land without the improvements, less the taxes and assessments paid thereon as aforesaid, with interest as aforesaid. Such demand shall be served, and the service proved, as in the case of a summons, and shall then be filed with the court administrator. If the occupant does not within one year after such service pay into court the amount so demanded, the occupant shall forfeit all claim to compensation, and execution may then issue for the possession of the land; but, if the occupant do so pay, the court shall by judgment confirm the title in the occupant.

History: (9568) *RL s 4437; 1986 c 444; 1Sp1986 c 3 art 1 s 82*

559.14 MAY REMOVE CROPS.

In case of ejection, the occupant shall be entitled to enter upon the land, and gather and remove all crops sown thereon prior to entry of judgment.

History: (9569) *RL s 4438; 1986 c 444*

559.15 OCCUPANT NOT IN ACTUAL POSSESSION; ACTIONS IN OTHER FORM.

All the provisions of sections 559.10 to 559.14 shall apply to cases where the occupant is or is not in actual possession. In case an action is brought for damages for trespass upon such land, or for the rents and profits or use and occupation thereof, or in any other form, if the action is one in effect to test the validity of the title thereto, all said sections shall, so far as possible, be complied with; and the value of all improvements, taxes, and assessments, and the purchase money in case the occupant claims under an official deed, with interest as aforesaid, shall be set off against any judgment for money that the claimant may obtain; and, if any excess remain in favor of the occupant after such setoff, such excess may be set off against any judgment that the claimant, or those claiming under the claimant, may subsequently obtain in any such or similar action relating to the same land.

History: (9570) *RL s 4439; 1986 c 444*

559.16 ORDER FOR SURVEY.

When an action for the recovery of real property is pending, upon motion of either party, and for cause shown, the court may make an order describing the property, and allowing such party to enter thereon and make survey thereof for the purpose of the action. A copy of the order shall be served on the owner or occupant, and thereupon such party may enter upon the property, with necessary surveyors and assistants, and make such survey; but, if any unnecessary injury is done to the property, the party is liable therefor.

History: (9571) RL s 4440; 1986 c 444

559.17 MORTGAGE NOT A CONVEYANCE; MORTGAGEE CANNOT POSSESS.

Subdivision 1. **Enforcement of rent assignment.** A mortgage of real property is not to be deemed a conveyance, so as to enable the owner of the mortgage to recover possession of the real property without a foreclosure, except as permitted in subdivision 2. The enforcement of an assignment of rents of the type described in subdivision 2 shall not be deemed prohibited by this subdivision, nor because a foreclosure sale under the mortgage has extinguished all or part of the mortgage debt.

Subd. 2. **Assignment; conditions.** A mortgagor may assign, as additional security for the debt secured by the mortgage, the rents and profits from the mortgaged real property, if the mortgage:

- (1) was executed, modified or amended subsequent to August 1, 1977;
- (2) secured an original principal amount of \$100,000 or more or is a lien upon residential real estate containing more than four dwelling units; and

(3) is not a lien upon property which was:

- (i) entirely homesteaded as agricultural property; or
- (ii) residential real estate containing four or fewer dwelling units where at least one of the units is homesteaded. The assignment may be enforced, but only against the nonhomestead portion of the mortgaged property, as follows:

(a) if, by the terms of an assignment, a receiver is to be appointed upon the occurrence of some specified event, and a showing is made that the event has occurred, the court shall, without regard to waste, adequacy of the security, or solvency of the mortgagor, appoint a receiver who shall, with respect to the excess cash remaining after application as provided in section 576.25, subdivision 5, apply it as prescribed by the assignment. If the assignment so provides, the receiver shall apply the excess cash in the manner set out herein from the date of appointment through the entire redemption period from any foreclosure sale. Subject to the terms of the assignment, the receiver shall have the powers and duties as set forth in section 576.25, subdivision 5; or

(b) if no provision is made for the appointment of a receiver in the assignment or if by the terms of the assignment a receiver may be appointed, the assignment shall be binding upon the assignor unless or until a receiver is appointed without regard to waste, adequacy of the security or solvency of the mortgagor, but only in the event of default in the terms and conditions of the mortgage, and only in the event the assignment requires the holder thereof to first apply the rents and profits received as provided in section 576.25, subdivision 5, in which case the same shall operate against and be binding upon the occupiers of the premises from the date of recording by the holder of the assignment in the office of the county recorder or the office of the registrar of titles for the county in which the property is located of a notice of default in the terms and

conditions of the mortgage and service of a copy of the notice upon the occupiers of the premises. The holder of the assignment shall apply the rents and profits received in accordance with the terms of the assignment, and, if the assignment so provides, for the entire redemption period from any foreclosure sale. A holder of an assignment who enforces it in accordance with this clause shall not be deemed to be a mortgagee in possession with attendant liability.

Nothing contained herein shall prohibit the right to reinstate the mortgage debt granted pursuant to section 580.30, nor the right to redeem granted pursuant to sections 580.23 and 581.10, and any excess cash, as that term is used herein, collected by the receiver under clause (a), or any rents and profits taken by the holder of the assignment under clause (b), shall be credited to the amount required to be paid to effect a reinstatement or redemption.

Subd. 3. **Expiration, satisfaction, release, and assignment.** (a) An assignment of rents and profits under this section, whether in the mortgage or in a separate instrument, shall expire:

(1) with respect to the rents and profits from all of the mortgaged property, when an action or proceeding to foreclose the mortgage is barred by section 541.03, or upon recording in the office of the county recorder or in the office of the registrar of titles of the county where the mortgaged property is located, of a satisfaction of the mortgage or a certificate of release complying with section 507.401 in lieu of a satisfaction of the mortgage; or

(2) with respect to the rents and profits from a portion of the mortgaged property, upon recording in the office of the county recorder or the registrar of titles of the county where that portion of the mortgaged property is located, of a release of that portion of the mortgaged property from the lien of the mortgage, or a certificate of release complying with section 507.401 in lieu of a release of that portion of the mortgaged property.

No separate reassignment of the rents and profits or satisfaction or release of the assignment is required.

(b) An assignment of a mortgage, whether or not the mortgage mentions an assignment of rents and profits, is sufficient to assign both the mortgage and the assignment of rents and profits permitted by this subdivision which secures the debt secured by the mortgage, and no separate assignment of the assignment of rents and profits shall be required.

History: (9572) *RL s 4441; 1969 c 711 s 1; 1977 c 202 s 2; 1986 c 444; 1992 c 376 art 2 s 1; 1993 c 6 s 2; 2000 c 450 s 6; 2003 c 5 art 2 s 3; 2005 c 4 s 133,134; 2012 c 143 art 3 s 27*

559.18 CONVEYANCE BY MORTGAGOR TO MORTGAGEE.

No conveyance absolute in form between parties sustaining the relation of mortgagor and mortgagee, whereby the mortgagor or the mortgagor's successor in interest conveys any right, title or interest in real property theretofore mortgaged, shall be presumed to have been given as further security, or as a new form of security, for the payment of any existing mortgage indebtedness, or any other indebtedness, or as security for any purpose.

History: (9573) *1913 c 209 s 1; 1986 c 444*

559.19 ACTION TO DECLARE MORTGAGE; LIMITATION.

No action to declare any such conveyance a mortgage shall be maintained unless commenced within 15 years from the time of execution thereof.

History: (9574) *1913 c 209 s 2*

559.20 APPLICATION.

Sections 559.18 and 559.19 shall apply to all conveyances past and future.

History: (9575) 1913 c 209 s 3

559.201 DEFINITIONS.

Subdivision 1. **Application.** The definitions in this section apply to section 559.202.

Subd. 2. **Business day.** "Business day" means any day other than a Saturday, Sunday, or holiday as defined in section 645.44, subdivision 5.

Subd. 3. **Family farm security loan.** "Family farm security loan" has the meaning given in Minnesota Statutes 2008, section 41.52, subdivision 5.

Subd. 4. **Multiple seller.** "Multiple seller" means a person that has acted as a seller in four or more contracts for deed involving residential real property during the 12-month period that precedes either: (1) the date on which the purchaser executes a purchase agreement under section 559.202; or (2) if there is no purchase agreement, the date on which the purchaser executes a contract for deed under section 559.202. A contract for deed transaction that is exempt under section 559.202, subdivision 2, is a contract for deed for the purposes of determining whether a seller is a multiple seller.

Subd. 5. **Person.** "Person" means a natural person, partnership, corporation, limited liability company, association, trust, or other legal entity, however organized.

Subd. 6. **Purchase agreement.** "Purchase agreement" means a purchase agreement for a contract for deed, an earnest money contract, or an executed option contemplating that, at closing, the seller and the purchaser will enter into a contract for deed.

Subd. 7. **Purchaser.** "Purchaser" means a natural person who enters into a contract for deed to purchase residential real property. Purchaser includes all purchasers who enter into the same contract for deed to purchase residential real property.

Subd. 8. **Residential real property.** "Residential real property" means real property consisting of one to four family dwelling units, one of which the purchaser intends to occupy as the purchaser's principal place of residence. Residential real property does not include property subject to a family farm security loan or a transaction subject to sections 583.20 to 583.32.

History: 2013 c 85 art 6 s 7

559.202 CONTRACTS FOR DEED INVOLVING RESIDENTIAL PROPERTY.

Subdivision 1. **Notice required.** (a) In addition to the disclosures required under sections 513.52 to 513.60, a multiple seller must deliver the notice specified under subdivision 3 to a prospective purchaser as provided under this subdivision.

(b) If there is a purchase agreement, the notice must be affixed to the front of the purchase agreement. A contract for deed for which notice is required under this subdivision may not be executed for five business days following the execution of the purchase agreement and delivery of the notice and instructions for cancellation.

(c) If there is no purchase agreement, a multiple seller must deliver the notice in a document separate from any other document or writing to a prospective purchaser no less than five business days before the prospective purchaser executes the contract for deed.

(d) The notice must be:

- (1) written in at least 12-point type; and
- (2) signed and dated by the purchaser.

(e) If a dispute arises concerning whether or when the notice required by this subdivision was provided to the purchaser, there is a rebuttable presumption that the notice was not provided unless the original executed contract for deed contains the following statement, initialed by the purchaser: "By initialing here purchaser acknowledges receipt at least five business days before signing this contract for deed of the disclosure statement entitled "Important Information About Contracts for Deed" required by Minnesota Statutes, section 559.202, subdivision 3."

Subd. 2. **Exception.** This section does not apply if the purchaser is represented throughout the transaction by either:

- (1) a person licensed to practice law in this state; or
- (2) a person licensed as a real estate broker or salesperson under chapter 82, provided that the representation does not create a dual agency, as that term is defined in section 82.55, subdivision 6.

Subd. 3. **Content of the notice.** The notice must contain the following verbatim language:

"IMPORTANT INFORMATION ABOUT CONTRACTS FOR DEED

Know What You Are Getting Into

- (1) A contract for deed is a complex legal agreement. You are NOT a tenant. Mortgage foreclosure laws don't apply.
- (2) You should know ALL of your obligations and rights before you sign a purchase agreement or contract for deed.
- (3) You (seller must circle one):
 - (a) DO DO NOT have to pay homeowner's insurance.
 - (b) DO DO NOT have to pay property taxes.
 - (c) DO DO NOT have to make and pay for some or all of the repairs or maintenance, as described in the contract for deed.
- (4) After some time, you may need to make a large lump sum payment (called a "balloon payment"). Know when it is due and how much it will be. You'll probably need to get a new mortgage, another financial arrangement, or pay for the balance in cash at that time.
- (5) If you miss just a single payment or can't make the balloon payment, the seller can cancel your contract. You will likely lose all the money you have already paid. You will likely lose your ability to purchase the home. The seller can begin an eviction action against you in just a few months.
- (6) Within four months of signing the contract for deed, you must "record" it in the office of the county recorder or registrar of titles in the county in which the property is located. If you do not do so, you could face a fine.

Key Things Highly Recommended Before You Sign

- (1) Get advice from a lawyer or the Minnesota Home Ownership Center at 1-866-462-6466 or go to www.hocmn.org. To find a lawyer through the Minnesota State Bar Association, go to www.mnfindalawyer.com.
- (2) Get an independent, professional appraisal of the property to learn what it is worth.

- (3) Get an independent, professional inspection of the property.
- (4) Buy title insurance or ask a real estate lawyer for a "title opinion."
- (5) Check with the city or county to find out if there are inspection reports or unpaid utility bills.
- (6) Check with a title company or the county where the property is located to find out if there is a mortgage or other lien on the property and if the property taxes have been paid.
- (7) Ensure that your interest rate does not exceed the maximum allowed by law by calling the Department of Commerce to get a recorded message for the current month's maximum rate.

If You Are Entering into a Purchase Agreement

- (1) If you haven't already signed the contract for deed, you can cancel the purchase agreement (and get all your money back) if you do so within five business days after getting this notice.
- (2) To cancel the purchase agreement, you must follow the provisions of Minnesota Statutes, section 559.217, subdivision 4. Ask a lawyer for help."

Subd. 4. **Right to cancel purchase agreement.** (a) A prospective purchaser may cancel a purchase agreement within five business days after actually receiving the notice required under subdivision 1 if a multiple seller fails to timely deliver the notice, provided that the contract for deed has not been executed by all parties.

(b) A prospective purchaser may cancel the purchase agreement in accordance with the provisions of section 559.217, subdivision 4.

(c) In the event of cancellation, the multiple seller may not impose a penalty and must promptly refund all payments made by the prospective purchaser prior to cancellation.

Subd. 5. **Remedies for failure to timely deliver notices.** (a) Notwithstanding any contrary provision in the purchase agreement or contract for deed, a purchaser has a private right of action against a multiple seller who fails to timely deliver the notice required under subdivision 1. The multiple seller is liable to the purchaser for:

- (1) the greater of actual damages or statutory damages of \$2,500; and
- (2) reasonable attorney fees and court costs.

(b) A multiple seller who knowingly fails to timely deliver the notice required under subdivision 1 is liable to the purchaser for triple the actual or statutory damages available under paragraph (a), whichever is greater, provided that the purchaser must elect the remedy provided under either paragraph (a) or this paragraph and may not recover damages under both paragraphs.

(c) The rights and remedies provided in this subdivision are cumulative to, and not a limitation of, any other rights and remedies provided under law. An action brought pursuant to this subdivision must be commenced within four years from the date of the alleged violation.

Subd. 6. **Effects of violation.** A violation of this section has no effect on the validity of the contract.

Subd. 7. **Duty of multiple seller to account.** Upon reasonable request by the purchaser and no more than once every 12-month period, a multiple seller must provide an accounting of all payments made pursuant to the contract for deed, the amount of interest paid, and the amount remaining to satisfy the principal balance under the contract.

Subd. 8. **No waiver.** The provisions of this section may not be waived.

History: 2013 c 85 art 6 s 8; 2013 c 144 s 4

559.205 CONTRACTS FOR DEED; MODIFICATION.

Notwithstanding any law to the contrary, a renegotiated contract for deed or an agreement modifying the terms of a contract for deed which was valid at its inception shall not be construed as creating a mortgage or an equitable mortgage. This section does not modify any other requirements relating to contracts for deed.

History: 1982 c 500 s 2

559.209 MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.

Subdivision 1. **Requirement.** A person may not begin to terminate a contract for deed under section 559.21 to purchase agricultural property subject to sections 583.20 to 583.32 for a remaining balance on the contract of more than \$5,000 unless: (1) a mediation notice is served on the contract for deed purchaser after a default has occurred under the contract and a copy served on the director and the contract for deed vendor and purchaser have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

Subd. 2. **Contents.** A mediation notice must contain the following notice with the blanks properly filled in.

"TO:(Name of Contract for Deed Purchaser)....

YOU HAVE DEFAULTED ON THE CONTRACT FOR DEED OF THE AGRICULTURAL PROPERTY DESCRIBED AS(Size and Reasonable Location of Property, Not Legal Description). THE AMOUNT OF THE OUTSTANDING DEBT IS(Amount of Debt)....

AS THE CONTRACT FOR DEED VENDOR,(Contract for Deed Vendor).... INTENDS TO TERMINATE THE CONTRACT AND TAKE BACK THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE CONTRACT FOR DEED VENDOR BEGINS REMEDIES TO ENFORCE THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THE NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY EXTENSION OFFICE.

FROM:(Name and Address of Contract for Deed Vendor)...."

History: 1986 c 398 art 1 s 3,18; 1987 c 292 s 7,37; 1989 c 350 art 16 s 8; 1990 c 525 s 1; 1991 c 208 s 2; 1Sp1993 c 2 art 6 s 2; 1995 c 212 art 2 s 11; 1997 c 183 art 3 s 29; 1998 c 395 s 7; 1998 c 402 s 6; 1999 c 214 art 2 s 19; 2001 c 195 art 1 s 23; 1Sp2001 c 1 art 2 s 25; 1Sp2001 c 2 s 150; 2005 c 4 s 135; 2005 c 107 art 2 s 55; 2009 c 94 art 1 s 95,97; 2013 c 114 art 2 s 65

NOTE: This section expires June 30, 2016. Section 583.215, as added by Laws 2005, chapter 107, article 2, section 55, as amended by Laws 2009, chapter 94, article 1, section 97, and Laws 2013, chapter 114, article 2, section 65.

559.2091 [Repealed, 2001 c 57 s 7]

559.21 CONTRACT TERMINATION; NOTICE; SERVICE; COSTS; CONDITIONS.

Subdivision 1. [Repealed, 1Sp1985 c 18 s 16]

Subd. 1a. [Repealed, 1Sp1985 c 18 s 16]

Subd. 1b. **For contract executed before 8/2/1976.** If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed on or prior to August 1, 1976, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 30 days after the service of the notice, unless prior to the termination date the purchaser:

(1) complies with the conditions in default;

(2) pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination; and

(3) pays an amount to apply on attorneys' fees actually expended or incurred, of \$50 if the amount in default is less than \$500, and of \$100 if the amount in default is \$500 or more; except no amount is required to be paid for attorneys' fees unless some part of the conditions of default has existed for at least 45 days prior to the date of service of the notice.

Subd. 1c. **For contract executed before 5/1/1980.** If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed after August 1, 1976, and prior to May 1, 1980, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 30 days after the service of the notice if the purchaser has paid less than 30 percent of the purchase price, 45 days after service of the notice if the purchaser has paid 30 percent or more of the purchase price but less than 50 percent, or 60 days after service of the notice if the purchaser has paid 50 percent or more of the purchase price; unless prior to the termination date the purchaser:

(1) complies with the conditions in default;

(2) pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination; and

(3) pays an amount to apply on attorneys' fees actually expended or incurred, of \$75 if the amount in default is less than \$750, and of \$200 if the amount in default is \$750 or more; except no amount is required to be paid for attorneys' fees unless some part of the conditions of default has existed for at least 45 days prior to the date of service of the notice.

Subd. 1d. **For contract executed before 8/1/1985.** If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed on or after May 1, 1980 and prior to August 1, 1985, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 30 days after the service of the notice if the purchaser has paid less than ten percent of the purchase price, 60 days after service of the notice if the purchaser has paid ten percent or more of the purchase price but less than 25 percent, or 90 days after service of the notice if the purchaser has paid 25 percent or more of the purchase price; unless prior to the termination date the purchaser:

(1) complies with the conditions in default;

(2) makes all payments due and owing to the seller under the contract through the date that payment is made;

(3) pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination; and

(4) pays an amount to apply on attorneys' fees actually expended or incurred, of \$125 if the amount in default is less than \$750, and of \$250 if the amount in default is \$750 or more; except no amount is required to be paid for attorneys' fees unless some part of the conditions of default has existed for at least 45 days prior to the date of service of the notice.

Subd. 1e. **Determination of purchase price.** For purposes of determining the purchase price and the amount of the purchase price paid on contracts executed prior to August 1, 1985:

(a) The purchase price is the sale price under the contract alleged to be in default, including the initial down payment. Mortgages, prior contracts for deed, special assessments, delinquent real estate taxes, or other obligations or encumbrances assumed by the purchaser are excluded in determining the purchase price.

(b) The amount paid by the purchaser is the total of payments of principal made under the contract alleged to be in default, including the initial down payment. Interest payments and payments made under mortgages, prior contracts for deed, special assessments, delinquent real estate taxes, or other obligations or encumbrances assumed by the purchaser are excluded in determining the amount paid by the purchaser.

Subd. 2. [Repealed, 1Sp1985 c 18 s 16]

Subd. 2a. **For post 7/31/1985 contract.** If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed on or after August 1, 1985, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside of the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 60 days, or a shorter period allowed in subdivision 4, after the service of the notice, unless prior to the termination date the purchaser:

(1) complies with the conditions in default;

(2) makes all payments due and owing to the seller under the contract through the date that payment is made;

(3) pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination;

(4) except for earnest money contracts, purchase agreements, and exercised options, pays two percent of any amount in default at the time of service, not including the final balloon payment, any taxes, assessments, mortgages, or prior contracts that are assumed by the purchaser; and

(5) if the contract is executed on or after August 1, 1999, pays an amount to apply on attorneys' fees actually expended or incurred, of \$250 if the amount in default is less than \$1,000, and of \$500 if the amount in default is \$1,000 or more; or if the contract is executed before August 1, 1999, pays an amount to apply on attorneys' fees actually expended or incurred, of \$125 if the amount in default is less than \$750, and of \$250 if the amount in default is \$750 or more; except that no amount for attorneys' fees is required to be paid unless some part of the conditions of default has existed for at least 30 days prior to the date of service of the notice.

Subd. 3. **Notice defined.** For purposes of this section, the term "notice" means a writing stating the information required in this section, stating the name, address and telephone number of the seller or of an attorney authorized by the seller to accept payments pursuant to the notice and the fact that the person named is authorized to receive the payments, stating a mailing address and a street address or location where the seller or the attorney will accept payment pursuant to the notice, and including the following information in 12-point or larger underlined uppercase type, or 8-point type if published, or in large legible handwritten letters:

THIS NOTICE IS TO INFORM YOU THAT BY THIS NOTICE THE SELLER HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, SECTION 559.21, TO TERMINATE YOUR CONTRACT FOR THE PURCHASE OF YOUR PROPERTY FOR THE REASONS SPECIFIED IN THIS NOTICE. THE CONTRACT WILL TERMINATE DAYS AFTER (SERVICE OF THIS NOTICE UPON YOU) (THE FIRST DATE OF PUBLICATION OF THIS NOTICE) (STRIKE ONE) UNLESS BEFORE THEN:

(a) THE PERSON AUTHORIZED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM YOU:

(1) THE AMOUNT THIS NOTICE SAYS YOU OWE; PLUS

(2) THE COSTS OF SERVICE (TO BE SENT TO YOU); PLUS

(3) \$..... TO APPLY TO ATTORNEYS' FEES ACTUALLY EXPENDED OR INCURRED; PLUS

(4) FOR CONTRACTS EXECUTED ON OR AFTER MAY 1, 1980, ANY ADDITIONAL PAYMENTS BECOMING DUE UNDER THE CONTRACT TO THE SELLER AFTER THIS NOTICE WAS SERVED ON YOU; PLUS

(5) FOR CONTRACTS, OTHER THAN EARNEST MONEY CONTRACTS, PURCHASE AGREEMENTS, AND EXERCISED OPTIONS, EXECUTED ON OR AFTER AUGUST 1, 1985, \$... (WHICH IS TWO PERCENT OF THE AMOUNT IN DEFAULT AT THE TIME OF SERVICE OTHER THAN THE FINAL BALLOON PAYMENT, ANY TAXES, ASSESSMENTS, MORTGAGES, OR PRIOR CONTRACTS THAT ARE ASSUMED BY YOU); OR

(b) YOU SECURE FROM A COUNTY OR DISTRICT COURT AN ORDER THAT THE TERMINATION OF THE CONTRACT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR CONTRACT WILL TERMINATE AT THE END OF THE PERIOD AND YOU WILL LOSE ALL THE MONEY YOU HAVE PAID ON THE CONTRACT; YOU WILL LOSE YOUR RIGHT TO POSSESSION OF THE PROPERTY; YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE; AND YOU WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY.

Subd. 4. **Law prevails over contract; procedure; conditions.** (a) The notice required by this section must be given notwithstanding any provisions in the contract to the contrary, except that earnest money contracts, purchase agreements, and exercised options that are subject to this section may, unless by their terms they provide for a longer termination period, be terminated on 30 days' notice, or may be canceled under section 559.217. The notice must be served within the state in the same manner as a summons in the district court, and outside of the state, in the same manner, and without securing any sheriff's return of not found, making any preliminary affidavit, mailing a copy of the notice or doing any other preliminary act or thing whatsoever. Service of the notice outside of the state may be proved by the affidavit of the person making the same, made before an authorized officer having a seal, and within the state by such an affidavit or by the return of the sheriff of any county therein.

(b) If a person to be served is a resident individual who has departed from the state, or cannot be found in the state; or is a nonresident individual or a foreign corporation, partnership, or association, service may be made by publication as provided in this paragraph. Three weeks' published notice has the same effect as personal service of the notice. The published notice must comply with subdivision 3 and state (1) that the person to be served is allowed 90 days after the first date of publication of the notice to comply with the conditions of the contract, and (2) that the contract will terminate 90 days after the first date of publication of the notice, unless before the termination date the purchaser complies with the notice. If the real estate described in the contract is actually occupied, then, in addition to publication, a person in possession must be personally served, in like manner as the service of a summons in a civil action in state district court, within 30 days after the first date of publication of the notice. If an address of a person to be served is known, then within 30 days after the first date of publication of the notice a copy of the notice must be mailed to the person's last known address by first class mail, postage prepaid.

(c) The contract is reinstated if, within the time mentioned, the person served:

- (1) complies with the conditions in default;
- (2) if subdivision 1d or 2a applies, makes all payments due and owing to the seller under the contract through the date that payment is made;
- (3) pays the costs of service as provided in subdivision 1b, 1c, 1d, or 2a;
- (4) if subdivision 2a applies, pays two percent of the amount in default, not including the final balloon payment, any taxes, assessments, mortgages, or prior contracts that are assumed by the purchaser; and

(5) pays attorneys' fees as provided in subdivision 1b, 1c, 1d, or 2a.

(d) The contract is terminated if the provisions of paragraph (c) are not met.

(e) In the event that the notice was not signed by an attorney for the seller and the seller is not present in the state, or cannot be found in the state, then compliance with the conditions specified in the notice may be made by paying to the court administrator of the district court in the county wherein the real estate or any part thereof is situated any money due and filing proof of compliance with other defaults specified, and the court administrator of the district court shall be deemed the agent of the seller for such purposes. A copy of the notice with proof of service thereof, and the affidavit of the seller, the seller's agent or attorney, showing that the purchaser has not complied with the terms of the notice, may be recorded with the county recorder or registrar of titles, and is prima facie evidence of the facts stated in it; but this section in no case applies to contracts for the sale or conveyance of lands situated in another state or in a foreign country. If the notice is served by publication, the affidavit must state that the affiant believes that the party to be served is not a resident of the state, or cannot be found in the state, and either that the affiant has mailed a copy of the notice by first class mail, postage prepaid, to the party's last known address, or that such address is not known to the affiant.

Subd. 5. **If required, notify commissioner.** When required by and in the manner provided in section 270C.63, subdivision 11, the notice required by this section shall also be given to the commissioner of revenue.

Subd. 6. [Repealed, 1983 c 215 s 16; 1984 c 474 s 7; 1985 c 306 s 26; 1987 c 292 s 36; 1989 c 350 art 16 s 7]

Subd. 7. **Cancellation of land sale.** The state of Minnesota shall cancel any sale of land made by the state under an installment contract upon default therein only in accord with the provisions of this section.

Subd. 8. **Attorney as agent for service.** Any attorney expressly authorized by the seller to receive payments in the notice of termination under this section is designated as the attorney who may receive service as agent for the seller of all summons, complaints, orders, and motions made in conjunction with an action by the purchaser to restrain the termination. Service in the action may be made upon the seller by mailing a copy of the process to the seller or to the seller's attorney, by first class mail, postage prepaid, to the address stated in the notice where payments will be accepted.

History: (9576) RL s 4442; 1913 c 136 s 1; 1915 c 200 s 1; 1925 c 163 s 1; 1959 c 618 s 1; 1961 c 270 s 1; 1976 c 181 s 2; 1976 c 240 s 1; 1980 c 373 s 6; 1982 c 500 s 3,4; 1982 c 523 art 2 s 47; 1983 c 215 s 2; 1983 c 342 art 15 s 38; 1984 c 474 s 2; 1985 c 300 s 29; 1985 c 306 s 7; 1Sp1985 c 16 art 2 s 44; 1Sp1985 c 18 s 6-10,16; 1986 c 438 s 1-8; 1Sp1986 c 3 art 1 s 82; 1992 c 463 s 30,31; 1994 c 388 art 2 s 1-3; 1999 c 11 art 4 s 4; 2004 c 203 art 1 s 9; 2005 c 4 s 136; 2005 c 151 art 2 s 17

559.211 RESTRAINING, ENJOINING PROCEEDINGS TO TERMINATE.

Subdivision 1. **Order; proceedings; security.** In an action arising under or in relation to a contract for the conveyance of real estate or any interest therein, the district court, notwithstanding the service or publication pursuant to the provisions of section 559.21 of a notice of termination of the contract, has the authority at any time prior to the effective date of termination of the contract and subject to the requirements of rule 65 of the Rules of Civil Procedure for the District Courts to enter an order temporarily restraining or enjoining further proceedings to effectuate

the termination of the contract, including recording of the notice of termination with proof of service, recording of an affidavit showing noncompliance with the terms of the notice, taking any action to recover possession of the real estate, or otherwise interfering with the purchaser's lawful use of the real estate. In the action, the purchaser may plead affirmatively any matter that would constitute a defense to an action to terminate the contract. Upon a motion for a temporary restraining order the court has the discretion, notwithstanding any rule of court to the contrary, to grant the order without requiring the giving of any security or undertaking, and in exercising that discretion, the court shall consider, as one factor, the moving party's ability to afford monetary security. Upon a motion for a temporary injunction, the court shall condition the granting of the order either upon the tender to the court or vendor of installments as they become due under the contract or upon the giving of other security in a sum as the court deems proper. Upon written application, the court may disburse from payments tendered to the court an amount the court determines necessary to insure the timely payment of property taxes, property insurance, installments of special assessments, mortgage installments, prior contract for deed installments or other similar expenses directly affecting the real estate, or for any other purpose the court deems just. If a temporary restraining order or injunction is granted pursuant to this subdivision, the contract shall not terminate until the expiration of 15 days after the entry of the order or decision dissolving or modifying the temporary restraining order or injunction.

Subd. 2. **Remedies additional.** The remedies provided in this section are in addition to and do not limit other rights or remedies available to purchasers or vendors of real estate. Subject to the provisions of sections 559.213 and 559.217, subdivision 7, this section shall not be construed to bar a court from determining the validity, effectiveness, or consequences of proceeding under section 559.21 or 559.217, or granting other relief in connection therewith, by reason of the failure of a purchaser to seek or obtain relief under this section prior to the purported effective date of the termination of the contract.

Subd. 3. **Applicability.** This section is applicable to contracts for the conveyance of real estate or any interest therein executed before, on and after May 1, 1980.

History: 1980 c 373 s 7; 1998 c 254 art 2 s 61; 2013 c 85 art 6 s 9

559.213 PRIMA FACIE EVIDENCE OF TERMINATION.

The recording, heretofore or hereafter, of the copy of notice of default, proof of service thereof, and the affidavit showing that the purchaser has not complied with the terms of the notice, provided for by Minnesota Statutes 1941, section 559.21, shall be prima facie evidence that the contract referred to in such notice has been terminated.

History: 1945 c 406 s 1

559.214 SUPPLEMENTARY AFFIDAVIT.

In any instance where such copy of notice, proof of service thereof and affidavit have been or shall hereafter be recorded, the vendor or the vendor's successors or assigns may record with the county recorder a supplementary affidavit, verified by a person shown by such supplementary affidavit to have knowledge of the facts, showing that the purchaser under the contract referred to in such notice and the purchaser's personal representatives, successors and assigns, if any, have abandoned the real estate referred to in such contract and that such abandonment has continued for at least six consecutive years after such termination proceedings and next prior to the recording of the supplementary affidavit. The recording of the supplementary affidavit shall be prima facie evidence that the real estate has been abandoned and the contract terminated, notwithstanding

defects, substantial or otherwise, in the termination proceedings, including the defect occasioned by lapse of less than 30 days between the date of service of notice of termination of the contract and the date of beginning of any moratorium. Such supplementary affidavit may be verified by the vendor or the vendor's successor or assigns in person or by an agent or attorney.

History: 1945 c 406 s 2; 1976 c 181 s 2; 1986 c 444

559.215 VALIDATING TERMINATIONS OF CONTRACT OF SALE.

Every termination of a contract for the conveyance of real property or an interest in real property is legal and valid after the expiration of the period specified in section 559.216 as against the following objections:

(1) that prior to the service of notice of termination, no mortgage registration tax was paid on the contract, or an insufficient registration tax was paid on the contract;

(2) that the notice:

(i) did not correctly state the amount of attorney fees;

(ii) failed to state or incorrectly stated the names of one or more of the sellers, or the sellers' successors or assigns, or incorrectly described the interest or representative capacity of the person giving the notice;

(iii) was printed or typed in an incorrect type size;

(iv) incorrectly stated the number of days after service that the contract will terminate, provided that the number of days stated is not less than 30 days; or

(v) did not correctly state the two percent amount required to be paid by section 559.21, subdivision 2a, clause (4);

(3) that the cancellation was commenced by less than all sellers; or

(4) that in the case of a termination by publication the notice was not served on all persons in possession of the real estate, provided it was served on at least one of those persons.

History: 1990 c 575 s 8; 1996 c 338 art 1 s 11

559.216 APPLICATION OF CURATIVE PROVISIONS.

Subdivision 1. **Expiration periods.** Upon expiration of the periods specified in this section, the provisions of section 559.215 apply to a termination of a contract for the conveyance of real property or an interest in real property subject to this section:

(1) as to section 559.215, clause (2), item (iv), and clause (3), five years after the last day of the correct reinstatement period of the purchaser or the purchaser's personal representatives or assigns; and

(2) as to all other provisions of section 559.215, one year after the last day of the reinstatement period of the purchaser or the purchaser's personal representatives or assigns.

Subd. 2. **Pending and newly commenced actions.** This section and section 559.215, as enacted by Laws 1990, chapter 575, sections 8 and 9, do not affect any action or proceeding pending on August 1, 1990, or commenced before February 1, 1991, involving the validity of the termination or conveyance.

The amendments to this section and section 559.215 by Laws 1996, chapter 338, article 1, shall not affect any action pending on August 1, 1996, or that is commenced before February 1, 1997, involving the validity of the termination or conveyance.

History: 1990 c 575 s 9; 1996 c 338 art 1 s 12

559.217 CANCELLATION OF RESIDENTIAL PURCHASE AGREEMENT.

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

(b) "Purchase agreement" means an earnest money contract, purchase agreement, or exercised option whether or not the instrument is subject to section 559.21.

(c) "Residential real property" means real property, including vacant land, occupied by, or intended to be occupied by, in the aggregate, one to four families as their residence.

(d) "Suspend" means to temporarily or permanently restrain or enjoin a cancellation proceeding under subdivision 3 or 4 pursuant to the provisions of section 559.211.

Subd. 2. **Use of this section.** Either the purchaser or the seller may cancel a purchase agreement for residential real property under this section. If either a seller or purchaser initiates a cancellation proceeding under this section and before completion of the proceeding the other party to the purchase agreement initiates a cancellation proceeding under this section, whether under subdivision 3 or 4, the purchase agreement is deemed canceled as of the date the second cancellation notice is served upon the other party to the purchase agreement under this section. Either party may later pursue legal remedies at law to recover the earnest money. A court shall make a determination of which party is entitled to the earnest money without regard to which party first initiated the cancellation proceeding and may consider the terms of the canceled purchase agreement in making its determination.

Subd. 3. **Cancellation with right to cure.** (a) If a default occurs or an unfulfilled condition exists after the date specified for fulfillment in the terms of a purchase agreement for the conveyance of residential real property, which does not by its terms cancel the purchase agreement, the purchaser or the seller may initiate a cancellation by serving upon the other party to the purchase agreement and any third party that is holding earnest money under the purchase agreement a notice:

(1) specifying the residential real property that is the subject of the purchase agreement, including the legal description;

(2) specifying the purchase agreement by date and names of parties, and the unfulfilled condition or default; and

(3) stating that the purchase agreement will be canceled 15 days after service of the notice upon the other party to the purchase agreement unless prior to the cancellation date the party upon whom the notice is served complies with the conditions in default and completes the unfulfilled conditions, including, if applicable, completion of the purchase or sale of the residential real property according to the terms of the purchase agreement.

(b) The notice to initiate a cancellation under this subdivision must be served in the manner provided in section 559.21, subdivision 4, paragraphs (a) and (b). The notice required by this subdivision must be given notwithstanding any provisions in the purchase agreement to the contrary.

(c) The purchase agreement is canceled unless, within 15 days after the service of the notice upon the other party to the purchase agreement, the party upon whom the notice was served fully complies with the conditions in default and completes the unfulfilled conditions or secures from a court an order suspending the cancellation.

Subd. 4. Declaratory cancellation. (a) If an unfulfilled condition exists after the date specified for fulfillment in the terms of a purchase agreement for the conveyance of residential real property, which by the terms of the purchase agreement cancels the purchase agreement, either the purchaser or the seller may confirm the cancellation by serving upon the other party to the purchase agreement and any third party that is holding earnest money under the purchase agreement a notice:

(1) specifying the residential real property that is the subject of the purchase agreement, including the legal description;

(2) specifying the purchase agreement by date and names of parties, and the unfulfilled condition; and

(3) stating that the purchase agreement has been canceled.

(b) The notice to initiate a cancellation under this subdivision must be served in the manner provided in section 559.21, subdivision 4, paragraphs (a) and (b). The notice required by this subdivision may be given notwithstanding any provisions in the purchase agreement to the contrary.

(c) The cancellation of the purchase agreement is complete, unless, within 15 days after the service of the notice upon the other party to the purchase agreement, the party upon whom the notice was served secures from a court an order suspending the cancellation.

Subd. 5. Form of notice of cancellation. (a) For purposes of subdivision 3, the term "notice" means a writing stating the information required in subdivision 3, paragraph (a), stating the name, address, and telephone number of that party serving the notice or of an attorney authorized by such party to serve the notice, and including the following information in 12-point or larger underlined uppercase type, or 8-point type if published:

"THIS NOTICE IS TO INFORM YOU THAT BY THIS NOTICE THE (SELLER) (PURCHASER) (STRIKE ONE) HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, SECTION 559.217, TO CANCEL YOUR PURCHASE AGREEMENT FOR THE (PURCHASE) (SALE) (STRIKE ONE) OF THE ABOVE PROPERTY FOR THE REASONS SPECIFIED IN THIS NOTICE. THE PURCHASE AGREEMENT WILL BE CANCELED ... DAYS AFTER (SERVICE OF THIS NOTICE UPON YOU) (THE FIRST DAY OF PUBLICATION OF THIS NOTICE) (STRIKE ONE) UNLESS BEFORE THEN:

(A) YOU HAVE FULLY COMPLIED WITH ALL OF YOUR OBLIGATIONS UNDER THE PURCHASE AGREEMENT THAT WERE REQUIRED TO BE PERFORMED AS OF THE DATE OF SERVICE OF THIS NOTICE INCLUDING, WITHOUT LIMITATION, THE ITEMS OF DEFAULT SPECIFIED IN THIS NOTICE AND THE UNFULFILLED CONDITIONS SPECIFIED IN THIS NOTICE ARE COMPLETED, INCLUDING, IF APPLICABLE, COMPLETION OF THE PURCHASE OR SALE OF THE RESIDENTIAL REAL PROPERTY ACCORDING TO THE TERMS OF THE PURCHASE AGREEMENT; OR

(B) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE TERMINATION OF THE PURCHASE AGREEMENT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING, OR

SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR PURCHASE AGREEMENT WILL BE CANCELED AT THE END OF THE PERIOD (AND YOU WILL LOSE ALL EARNEST MONEY YOU HAVE PAID ON THE PURCHASE AGREEMENT) (STRIKE IF NOT APPLICABLE); AND YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE.

HOWEVER, IF WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE YOU SERVE YOUR OWN NOTICE UNDER MINNESOTA STATUTES, SECTION 559.217, YOUR PURCHASE AGREEMENT WILL BE IMMEDIATELY CANCELED, BUT YOUR ENTITLEMENT TO EARNEST MONEY MUST BE DETERMINED BY A COURT OR DETERMINED BY ARBITRATION IF AGREED TO BY THE PARTIES.

IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY."

(b) For purposes of subdivision 4, the term "notice" means a writing stating the information required in subdivision 4, paragraph (a), stating the name, address, and telephone number of the party serving the notice or of an attorney authorized by such party to serve the notice, and including the following information in 12-point or larger underlined uppercase type, or 8-point type if published:

"THIS NOTICE IS PURSUANT TO MINNESOTA STATUTES, SECTION 559.217, TO INFORM YOU THAT YOUR PURCHASE AGREEMENT FOR THE (PURCHASE) (SALE) (STRIKE ONE) OF THE ABOVE PROPERTY HAS BEEN CANCELED FOR THE REASONS SPECIFIED IN THIS NOTICE. THE CANCELLATION WILL BE CONFIRMED ... DAYS AFTER (SERVICE OF THIS NOTICE UPON YOU) (THE FIRST DAY OF PUBLICATION OF THIS NOTICE) (STRIKE ONE) UNLESS BEFORE THEN YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE CONFIRMATION OF CANCELLATION OF THE PURCHASE AGREEMENT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING, OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT OBTAIN SUCH A COURT ORDER WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, THE CONFIRMATION OF CANCELLATION OF YOUR PURCHASE AGREEMENT WILL BE FINAL AT THE END OF THE PERIOD (AND YOU WILL LOSE ALL EARNEST MONEY YOU HAVE PAID ON THE PURCHASE AGREEMENT) (STRIKE IF NOT APPLICABLE); AND YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE.

HOWEVER, IF WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE YOU SERVE YOUR OWN NOTICE UNDER MINNESOTA STATUTES, SECTION 559.217, YOUR PURCHASE AGREEMENT WILL BE IMMEDIATELY CANCELED, BUT YOUR ENTITLEMENT TO EARNEST MONEY MUST BE DETERMINED BY A COURT OR DETERMINED BY ARBITRATION IF AGREED TO BY THE PARTIES.

IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY."

Subd. 6. **Suspension of cancellation, attorney fees, court fees, and costs of service.** A seller or a purchaser upon whom the notice is served may commence a proceeding under section 559.211 to obtain a court order to suspend the cancellation of a purchase agreement under this section, and in the proceeding the court may award court filing fees, attorney fees, and costs of service actually expended to the prevailing party in an amount not to exceed \$3,000.

Subd. 7. **Affidavit of cancellation.** (a) After a cancellation under subdivision 3 or a confirmation of cancellation under subdivision 4, the purchase agreement is void and of no further force or effect, and, except as provided in subdivision 2, any earnest money held under the purchase agreement must be distributed to, and become the sole property of, the party completing the cancellation of the purchase agreement.

(b) When a cancellation under this section has been completed, the party who served the notice, or that party's attorney, may execute an affidavit stating that the party caused a notice of cancellation to be served upon the other party, that the other party neither complied with the actions required in the notice, if applicable, nor obtained a court order suspending the cancellation, and that the property is residential real property.

(c) A copy of the affidavit of cancellation, when attached to a copy of the notice, is prima facie evidence of the facts therein stated.

(d) Except as provided in subdivision 2, the affidavit of cancellation, when delivered to a third party holding earnest money under the purchase agreement, is a sufficient basis for that person to release the earnest money to the party initiating and completing the cancellation.

(e) If either a seller or purchaser commences a cancellation proceeding under this section and before completion of the first proceeding the other party initiates a cancellation proceeding under this section, either party or that party's attorney may execute an affidavit stating that both parties caused the notice of cancellation to be served upon the other party and further specifying the date the second notice of cancellation was served upon the other party. A copy of the affidavit of cancellation, when attached to copies of both notices of cancellation, is prima facie evidence of the cancellation of the purchase agreement and of the effective date of the cancellation of the purchase agreement.

Subd. 8. **Attorney as agent for service.** Any attorney authorized to serve the notice of cancellation by a party initiating a cancellation under this section is designated as the attorney who may receive service as agent for the party initiating the cancellation of all summons, complaints, orders, and motions made in connection with an action by the party upon whom the notice is served to restrain the cancellation, and any responsive notice of cancellation as described in subdivision 2. Service in the action and service of a responsive notice of cancellation may be made upon the party initiating the cancellation by personal service or by mailing a copy of the process or notice to such party or to such party's attorney, by first class mail, postage prepaid, to the address stated in the notice. Service upon a party by first class mail shall be effective upon delivery to the address stated in the notice.

History: 2004 c 203 art 1 s 10; 2005 c 119 s 4; 2011 c 66 s 4-6

559.22 IN RECOVERY ACTION DEFENDANT'S BUYER MAY BE LIABLE.

An action for the recovery of real property against a person in possession or in receipt of the rents and profits thereof cannot be prejudiced by an alienation made by that person either before or after the commencement of the action; but in such case, if the defendant has no property

sufficient to satisfy the damages recovered for the withholding of possession, such damages may be collected by action against the purchaser.

History: (9577) *RL s 4443; 1986 c 444*

559.23 ACTION TO DETERMINE BOUNDARY LINES.

An action may be brought by any person owning land or any interest therein against the owner, or persons interested in adjoining land, to have the boundary lines established; and when the boundary lines of two or more tracts depend upon any common point, line, or landmark, an action may be brought by the owner or any person interested in any of such tracts, against the owners or persons interested in the other tracts, to have all the boundary lines established. The court shall determine any adverse claims in respect to any portion of the land involved which it may be necessary to determine for a complete settlement of the boundary lines, and shall make such order respecting costs and disbursements as it shall deem just. The decree of the court shall be filed with the court administrator, and a certified copy thereof shall be recorded in the office of the county recorder or in the office of registrar of titles or both, if necessary; provided that such decree shall not be accepted for such recording or filing until it shall be presented to the county auditor who shall enter the same in the transfer record and note upon the instrument over the auditor's official signature the words "ENTERED IN THE TRANSFER RECORD."

History: (9590) *RL s 4454; 1947 c 244 s 1; 1976 c 181 s 2; 1986 c 444; 1Sp1986 c 3 art 1 s 82; 2005 c 4 s 137*

559.24 PLEADINGS; ADDITIONAL PARTIES.

Such actions shall be governed by the rules governing civil actions, except as herein otherwise provided, but every allegation in every answer shall be deemed in issue without further pleading. When in any such action it appears to the court that any owner, lienholder, or person interested in any of the tracts involved ought, for a full settlement and adjudication of all the questions involved, to be made a party, the court shall stay the proceedings and issue an order requiring such persons to come in and plead therein within 20 days after service of the order, which shall be served upon them in the same manner as a summons in a civil action. Any person so served who shall fail to file an answer within 20 days thereafter shall be in default. All pleadings or copies thereof shall be filed before such order is made. The court may also, in its discretion, in like manner, order the owners and persons interested in other tracts than those originally involved to come in and plead, in which case the order shall describe such additional tracts, and state that the purpose of the action is to establish the boundary lines thereof.

History: (9591) *RL s 4455*

559.25 JUDGMENT; LANDMARKS.

The judgment shall locate and define the boundary lines involved by reference to well-known permanent landmarks, and, if it shall be deemed for the interest of the parties, after the entry of judgment, the court may direct a competent surveyor to establish a permanent stone or iron landmark in accordance with the judgment, from which future surveys of the land embraced in the judgment shall be made. Such landmarks shall have distinctly cut or marked thereon "Judicial Landmark." The surveyor shall make report to the court, and in the report shall accurately describe the landmark so erected, and define its location as nearly as practicable.

History: (9592) *RL s 4456; 1986 c 444*