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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 333

January 26, 2009

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

1.1 A bill for an act
1.2 relating to real property; providing for the Minnesota Foreclosure Remediation
1.3 Fee Act; proposing coding for new law as Minnesota Statutes, chapter 287A.

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

1.5 Section 1. **[287A.01] FORECLOSURE REMEDIATION FEE.**

1.6 Sections 287A.01 to 287A.09 may be referred to as the "Minnesota Foreclosure
1.7 Remediation Fee Act."

1.8 Sec. 2. **[287A.02] DEFINITIONS.**

1.9 Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly
1.10 indicates that a different meaning is intended, the following words, terms, and phrases, for
1.11 the purposes of this chapter, have the meanings given to them in this section.

1.12 Subd. 2. **Foreclosure remediation.** "Foreclosure remediation" means rehabilitating
1.13 foreclosed properties to comply with applicable state and local housing or building codes,
1.14 building in-fill housing in areas adversely affected by the foreclosure crisis, funding
1.15 holding costs for organizations that purchase or own previously foreclosed properties and
1.16 are unable to sell the properties, and preventing foreclosures.

1.17 Subd. 3. **Real property, real estate, and land.** "Real property," "real estate," and
1.18 "land" mean any fee simple estate, and any estate for life, as defined in chapter 500, and
1.19 the purchaser's interest under a contract for the conveyance of such an estate.

1.20 Subd. 4. **Record, recorded, and recording.** "Record," "recorded," and "recording"
1.21 mean that a document has been delivered to and filed in the office of the county recorder
1.22 or registrar of titles, whichever office maintains the records for the real property described
1.23 in the document.

2.1 Sec. 3. **[287A.03] IMPOSITION OF FEE; DETERMINATION OF FEE.**

2.2 Subdivision 1. **Application of foreclosure remediation fee.** A foreclosure
2.3 remediation fee shall be imposed on each deed or instrument by which any real property
2.4 in this state is granted, assigned, transferred, or otherwise conveyed. For purposes of this
2.5 fee, the conversion of a corporation to a limited liability company, a limited liability
2.6 company to a corporation, a partnership to a limited partnership, a limited partnership to
2.7 another limited partnership or other entity, or a similar conversion of one entity to another
2.8 does not grant, assign, transfer, or convey real property.

2.9 Subd. 2. **Amount of foreclosure remediation fee.** The foreclosure remediation
2.10 fee is \$15.

2.11 Subd. 3. **Collection of foreclosure remediation fee.** The foreclosure remediation
2.12 fee imposed under this chapter shall be collected as follows.

2.13 (a) The fee is due within 30 days of the subsequent transfer that caused the fee to be
2.14 imposed or at the time a taxable deed or instrument is presented for recording, whichever
2.15 is the earlier date.

2.16 (b) The commissioner of the Minnesota Housing Finance Agency may require the
2.17 fee to be documented in a manner prescribed and may require that the documentation be
2.18 attached to and recorded as part of the deed or instrument. The county recorder or registrar
2.19 of titles shall accept the attachment for recording as part of the deed or instrument and
2.20 may not require, as a condition of recording a deed or instrument, evidence that a transfer
2.21 is a designated transfer in addition to that required by the commissioner. The attachment
2.22 shall not, however, provide actual or constructive notice of the information contained
2.23 therein for purposes of determining any interest in the real property. The commissioner
2.24 shall prescribe the manner in which the fee due is to be paid and may require grantees of
2.25 designated transfers to file with the commissioner subsequent statements verifying that
2.26 the fee provided does not apply.

2.27 Sec. 4. **[287A.04] EXEMPTIONS.**

2.28 The fee imposed by this chapter does not apply to:

2.29 (1) an executory contract for the sale of real property under which the purchaser is
2.30 entitled to or does take possession of the real property, or any assignment or cancellation
2.31 of the contract;

2.32 (2) a will;

2.33 (3) a plat;

2.34 (4) a lease, amendment of lease, assignment of lease, or memorandum of lease;

3.1 (5) a deed, instrument, or writing in which the United States or any agency or
 3.2 instrumentality thereof is the grantor, assignor, transferor, conveyer, grantee, or assignee;

3.3 (6) a deed for a cemetery lot or lots;

3.4 (7) a deed of distribution by a personal representative;

3.5 (8) a deed to or from a co-owner partitioning an undivided interest in the same
 3.6 piece of real property;

3.7 (9) a deed or other instrument of conveyance issued pursuant to a permanent school
 3.8 fund land exchange under section 92.121 and related laws;

3.9 (10) a deed, instrument, or writing which grants, creates, modifies, or terminates an
 3.10 easement; and

3.11 (11) a decree of marriage dissolution, as defined in section 287.01, subdivision 4,
 3.12 or a deed or other instrument between the parties to the dissolution made pursuant to
 3.13 the terms of the decree.

3.14 **Sec. 5. [287A.05] TAX-FORFEITED LAND.**

3.15 Before a state deed for tax-forfeited land may be issued, the foreclosure remediation
 3.16 fee must be paid by the purchaser of tax-forfeited land whether the purchase is the result
 3.17 of a public auction or private sale or a repurchase of tax-forfeited land.

3.18 **Sec. 6. [287A.06] PERSONS LIABLE.**

3.19 Any person who grants, assigns, transfers, or conveys any real property by a deed or
 3.20 instrument subject to the foreclosure remediation fee imposed by section 287A.03 shall
 3.21 be liable for a fee but no public official is liable for a fee with respect to any instrument
 3.22 executed by the official in connection with official duties.

3.23 **Sec. 7. [287A.07] PAYMENT OF FEE.**

3.24 The county board shall determine the method for collection of the tax imposed
 3.25 by section 287A.03.

3.26 **Sec. 8. [287A.08] DISTRIBUTION OF FEE.**

3.27 The county that collects the foreclosure remediation fee shall retain 80 percent of the
 3.28 total fee to be used for foreclosure remediation as well as administrative costs associated
 3.29 with the collection and allocation of the foreclosure remediation fee. The remaining
 3.30 20 percent of the total fee shall be sent to the Housing Finance Agency. The Housing
 3.31 Finance Agency shall use the collected fees to fund foreclosure remediation activities
 3.32 in areas of Minnesota that have been significantly impacted by increased numbers of

4.1 foreclosures. The Housing Finance Agency may also use funds to pay for administrative
4.2 costs associated with the collection and allocation of the foreclosure remediation fee.

4.3 **Sec. 9. [287A.09] VIOLATIONS; CIVIL PENALTIES.**

4.4 Subdivision 1. **Failure to pay full amount.** A person liable for the foreclosure
4.5 remediation fee imposed by section 287A.03 who fails to pay the full amount of
4.6 foreclosure remediation fee imposed under this chapter, unless the failure is shown to be
4.7 due to reasonable cause, is liable to a civil penalty of \$1,000 per violation.

4.8 Subd. 2. **Enforcement.** Failure to pay the full amount of the Minnesota Foreclosure
4.9 Remediation Fee shall be enforced pursuant to section 8.31.

4.10 **Sec. 10. [287A.10] EXPIRATION.**

4.11 The authority to collect the foreclosure remediation fee pursuant to sections 287A.01
4.12 to 287A.10 shall expire on August 1, 2012.