This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH SESSION

House File No. 1394

March 5, 2009

1.13

1.14

1.15

1.16

1.17

1.18

1.19

1.20

1.21

1.22

1.23

1.24

1.25

Authored by Hayden; Mullery; Johnson; Murphy, M., and Nelson The bill was read for the first time and referred to the Committee on Civil Justice March 26, 2009

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Public Safety Policy and Oversight

A bill for an act 1.1 relating to real property; specifying notice requirements; modifying provisions 1.2 governing the reduced redemption period for abandoned property; establishing 1.3 a duty to protect vacant foreclosed property under certain circumstances; 1.4 providing for the imposition of fines for failure to maintain property; altering the 1.5 posting requirement for trespassing on construction sites; modifying provisions 1.6 governing public nuisances; imposing civil and criminal penalties; amending 1.7 Minnesota Statutes 2008, sections 463.251, subdivisions 2, 3; 504B.151, 1.8 subdivision 1; 504B.178, subdivision 8; 580.021, subdivision 1; 580.04; 580.041, 1.9 subdivision 1a; 580.042, subdivision 1; 582.031; 582.032, subdivisions 2, 4, 5; 1.10 609.605, subdivision 1; 617.80, subdivision 7, by adding a subdivision; 617.81, 1.11 subdivisions 2, 4. 1.12

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

Section 1. Minnesota Statutes 2008, section 463.251, subdivision 2, is amended to read: Subd. 2. **Order; notice.** (a) If in any city a building becomes vacant or unoccupied and is deemed hazardous due to the fact that the building is open to trespass and has not been secured and the building could be made safe by securing the building, the governing body may order the building secured and shall cause notice of the order to be served upon the owner of record of the premises or the owner's agent, the taxpayer identified in the property tax records for that parcel, the holder of the mortgage or sheriff's certificate, and any neighborhood association for the neighborhood in which the building is located that has requested notice, by delivering or mailing a copy to the owner or agent, the identified taxpayer, the holder of the mortgage or sheriff's certificate, and the neighborhood association, at the last known address. Service by mail is complete upon mailing.

(b) The notice under this subdivision must include a statement that:

1

Section 1.

Sec. 3. Minnesota Statutes 2008, section 504B.151, subdivision 1, is amended to read: Subdivision 1. Limitation on lease and notice to tenant. (a) Once a landlord has received notice of a contract for deed cancellation under section 559.21 or notice of a mortgage foreclosure sale under chapter 580, 581, or 582, the landlord may only enter into (i) a periodic residential lease agreement with a term of not more than two months or the time remaining in the contract cancellation period or the mortgagor's redemption period, whichever is less or (ii) a fixed term residential tenancy not extending beyond the cancellation period or the landlord's period of redemption until:

- (1) the contract for deed has been reinstated or paid in full;
- (2) the mortgage default has been cured and the mortgage reinstated;
- (3) the mortgage has been satisfied; 2.31

2.1

2.2

2.3

2.4

2.5

2.6

2.7

2.8

2.9

2.10

2.11

2.12

2.13

2.14

2.15

2.16

2.17

2.18

2.19

2.20

2.21

2.22

2.23

2.24

2.25

2.26

2.27

2.28

2.29

2.30

- (4) the property has been redeemed from a foreclosure sale; or 2.32
- (5) a receiver has been appointed. 2.33

2 Sec. 3.

3.2

3.3

3.4

3.5

3.6

3.7

3.8

3.9

3.10

3.11

3.12

3.13

3.14

3.15

3.16

3.17

3.18

3.19

3.20

3.21

3.22

3.23

3.24

3.25

3.26

3.30

3.31

3.32

PT

(b) Before entering into a lease under this section and accepting any rent or security
deposit from a tenant, the landlord must notify the prospective tenant in writing that the
landlord has received notice of a contract for deed cancellation or notice of a mortgage
foreclosure sale as appropriate, and the date on which the contract cancellation period or
the mortgagor's redemption period ends.

(c) This section does not apply to a manufactured home park as defined in section 327C.01, subdivision 5.

EFFECTIVE DATE. This section is effective June 1, 2009, and applies to leases entered into on or after that date.

Sec. 4. Minnesota Statutes 2008, 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, 581, 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.

EFFECTIVE DATE. This section is effective June 1, 2009, and applies to 3.27 cancellations of contracts for deed or mortgage foreclosures commenced on or after that 3.28 date. 3.29

Sec. 5. Minnesota Statutes 2008, section 580.021, subdivision 1, is amended to read: Subdivision 1. **Applicability.** This section applies to foreclosure of mortgages under this chapter and chapter 581 on property consisting of one to four family dwelling units,

Sec. 5. 3

	HF1394 FIRST ENGROSSMENT	REVISOR	PT	H1394-1		
.1	one of which the owner occupies as	the owner's principal	place of residency	on the date of		
.2	service of the notice of sale of the owner.					
1.3	EFFECTIVE DATE. This se	ection is effective June	e 1, 2009, and app	lies to a		
.4	foreclosure in which the notice und	er section 47.20, subd	ivision 8, is sent o	on or after		
5	that date.					
6	Sec. 6. Minnesota Statutes 2008	, section 580.04, is am	nended to read:			
·.7	580.04 REQUISITES OF N	OTICE.				
8	Each notice shall specify or c	ontain:				
.9	(1) the name of the mortgagor	the mortgagee, each	assignee of the mo	ortgage, if any,		
.10	and the original or maximum princi	pal amount secured by	y the mortgage;			
.11	(2) the date of the mortgage,	and when and where r	ecorded, except w	here the		
.12	mortgage is upon registered land, in	which case the notice	e shall state that fa	ct, and when		
.13	and where registered;					
.14	(3) the amount claimed to be	due on the mortgage o	n the date of the n	otice;		
.15	(4) a description of the mortg	aged premises, confor	ming substantially	y to that		
.16	contained in the mortgage, and the	commonly used street	address of the mo	ortgaged		
.17	premises;					
.18	(5) the time and place of sale	,				
.19	(6) the time allowed by law fe	or redemption by the i	mortgagor, the mo	rtgagor's		
.20	personal representatives or assigns;	and				
.21	(7) if the party forcelosing the	mortgage desires to p	oreserve the right t	o reduce the		
.22	redemption period under section 58	22.032 after the first pu	ablication of the n	otice, the		
.23	notice must also state for mortgage	d premises described i	n section 582.032,	, subdivision		
.24	1, the following statement in capita	ıl letters: "THE TIME	E ALLOWED BY	LAW		
.25	FOR REDEMPTION BY THE MC	ORTGAGOR, THE MO	ORTGAGOR'S PE	ERSONAL		
.26	REPRESENTATIVES OR ASSIGN	NS, MAY BE REDUC	ED TO FIVE WE	EKS IF A		
.27	JUDICIAL ORDER IS ENTERED	UNDER MINNESOT	TA STATUTES, S	ECTION		
.28	582.032, DETERMINING, AMON	G OTHER THINGS.	THAT THE MOR	TGAGED		

EFFECTIVE DATE. This section is effective August 1, 2009, and applies to 4.32 notices of sale first published on or after that date. 4.33

PREMISES ARE IMPROVED WITH A RESIDENTIAL DWELLING OF LESS THAN

FIVE UNITS, ARE NOT PROPERTY USED IN AGRICULTURAL PRODUCTION,

Sec. 6. 4

AND ARE ABANDONED."

4.29

4.30

4.31

5.2

5.3

5.4

5.5

5.6

5.7

5.8

5.9

5.10

5.11

5.12

5.13

5.14

5.15

5.16

5.17

5.18

5.19

5.20

5.21

5.22

5.23

5.24

5.25

5.26

5.27

5.28

5.29

5.30

5.31

5.32

5.33

PT		H139

Sec. 7. Minnesota Statutes 2008, section 580.041, subdivision 1a, is amended to read:
Subd. 1a. Applicability. This section applies to foreclosure of mortgages under this
chapter and chapter 581 on property consisting of one to four family dwelling units, one
of which the owner occupies as the owner's principal place of residency on the date of
service of the notice of sale on the owner.

EFFECTIVE DATE. This section is effective June 1, 2009, and applies to a foreclosure in which the notice under Minnesota Statutes, section 47.20, subdivision 8, is sent on or after that date.

Sec. 8. Minnesota Statutes 2008, section 580.042, subdivision 1, is amended to read: Subdivision 1. Applicability. This section applies to foreclosure of mortgages under this chapter and chapter 581.

EFFECTIVE DATE. This section is effective June 1, 2009, and applies to a foreclosure in which the notice under Minnesota Statutes, section 47.20, subdivision 8, is sent on or after that date.

Sec. 9. Minnesota Statutes 2008, section 582.031, is amended to read:

582.031 LIMITED RIGHT OF ENTRY; DUTY TO ENTER AND PROTECT PREMISES.

Subdivision 1. **Right of entry.** (a) If premises described in a mortgage or sheriff's certificate are vacant or unoccupied, the holder of the mortgage or sheriff's certificate or the holder's agents and contractors may, but is under no obligation to, enter upon the premises to protect the premises from waste and trespass, until the holder of the mortgage or sheriff's certificate receives notice that the premises are occupied. The holder of the mortgage or sheriff's certificate does not become a mortgagee in possession by taking actions authorized or required under this section. An affidavit of the sheriff, the licensing, regulatory, or inspection authority of a municipality in which the property is located, the holder of the mortgage or sheriff's certificate, or a person acting on behalf of the holder, describing the premises and stating that the same are vacant or unoccupied, is prima facie evidence of the facts stated in the affidavit and is entitled to be recorded in the office of the county recorder or the registrar of titles in the county where the premises are located, if it contains a legal description of the premises.

(b)(1) If the holder of the mortgage or sheriff's certificate knows that there is prima facie evidence of abandonment of the property, as described in section 582.032, subdivision 7, clauses (1) to (6), the holder:

5 Sec. 9.

	HF1394 FIRST ENGROSSMENT	REVISOR	PT	H1394-1	
6.1	(i) shall enter the premises a	nd make reasonable pe	riodic inspections, a	and install or	
6.2	change the locks on all doors and windows; and				
6.3	(ii) may, to protect the premises from waste, trespass, or falling below minimum				
6.4	community standards for public sa	nfety and sanitation, er	nter the premises and	d board	
6.5	windows, doors, and other opening	gs, install and operate	an alarm system, and	d otherwise	
6.6	prevent or minimize damage to the	e premises from the el	ements, vandalism, 1	trespass,	
6.7	or other illegal activity.				
6.8	(2) Upon an installation or cl	nange of locks as requi	ired by this section,	the holder of	
6.9	the mortgage or sheriff's certificate	e must deliver a key to	the premises to the	mortgagor or	
6.10	any person lawfully claiming through	ugh the mortgagor, upo	on request.		
6.11	This paragraph only applies where	e the holder of a mortg	gage or sheriff's certi	<u>ificate</u>	
6.12	otherwise holds five or more prop	erties.			
6.13	Subd. 2. Authorized action	s. The holder of the mo	ortgage or sheriff's co	ertificate may	
6.14	take the following actions to prote	ct the premises from w	vaste <u>, trespass,</u> or fro	om falling	
6.15	below minimum community stand	ards for public safety a	and sanitation: make	e reasonable	
6.16	periodic inspections, install or cha	nge locks on doors and	d windows, board w	rindows,	
6.17	doors, and other openings, install a	and operate an alarm s	ystem, and otherwise	e prevent or	
6.18	minimize damage to the premises	from the elements, var	idalism, trespass, or	other illegal	
6.19	activities. If the holder of the mor	tgage or sheriff's certif	icate installs or char	nges locks	
6.20	under this section, a key to the pre	mises must be prompt	ly delivered to the m	nortgagor or	
6.21	any person lawfully claiming thro	igh the mortgagor, upo	on request.		
6.22	Subd. 3. Costs. All costs in	curred by the holder of	of the mortgage or sl	heriff's	
6.23	certificate to protect the premises to	From waste or trespass	or from falling below	w minimum	
6.24	community standards for public sa	afety and sanitation ma	y be added to the pr	rincipal	
6.25	balance of the mortgage or the cos	sts allowable upon rede	emption. The costs i	may bear	
6.26	interest to the extent provided in the	ne mortgage and may b	be added to the reder	mption price	
6.27	if the costs are incurred after a fore	eclosure sale. If the cos	sts are incurred after	a foreclosure	
6.28	sale, the holder of any sheriff's cer	tificate of sale or certif	icate of redemption	must comply	
6.29	with the provisions of section 582.	03. The provisions of	this section are in ad	dition to, and	
6.30	do not limit or replace, any other r	ights or remedies avail	able to holders of m	ortgages and	

Sec. 10. Minnesota Statutes 2008, section 582.032, subdivision 2, is amended to read:

sheriff's certificates, at law or under the applicable mortgage agreements.

Subd. 2. Before foreclosure sale. Notwithstanding section 580.23 or 581.10, if at any time before the foreclosure sale but not more than 30 days before the first publication of the notice of sale, a court order is entered reducing the mortgagor's redemption period to

Sec. 10. 6

6.31

6.32

6.33

6.34

6.35

7.2

7.3

7.4

7.5

7.6

7.7

7.8

7.9

7.10

7.11

7.12

7.13

7.14

7.15

7.16

7.17

7.18

7.19

7.20

7.21

7.22

7.23

7.24

7.25

7.26

7.27

7.28

7.29

7.30

7.31

7.32

7.33

7.34

7.35

five weeks under subdivision 7, after the mortgaged premises have been sold as provided in chapter 580 or 581, the mortgagor, and the mortgagor's personal representatives or assigns, within five weeks after the sale under chapter 580, or within five weeks after the date of the order confirming the sale under chapter 581, may redeem the mortgaged premises as provided in section 580.23, subdivision 1, or 581.10, as applicable. If an order is obtained after the first publication of the notice of sale, the five-week redemption period applies only if the notice of sale contained the statement required by section 580.04, clause (7).

EFFECTIVE DATE. This section is effective August 1, 2009, and applies to foreclosures for which the notice of sale is first published on or after that date.

Sec. 11. Minnesota Statutes 2008, section 582.032, subdivision 4, is amended to read: Subd. 4. Summons and complaint. In a foreclosure by advertisement, the party foreclosing a mortgage or holding the sheriff's certificate of sale or the political subdivision in which the mortgaged premises are located may initiate a proceeding in district court to reduce the mortgagor's redemption period under this section. The proceeding must be initiated by the filing of a complaint, naming the mortgagor, or the mortgagor's personal representatives or assigns of record, as defendant, in district court for the county in which the mortgaged premises are located. If the proceeding is initiated by a political subdivision, the party foreclosing the mortgage or holding the sheriff's certificate of sale must also be named as a defendant. If the proceeding is commenced after the foreclosure sale, the holders of junior liens and interests entitled to notice under subdivision 3 must also be named as defendants. The complaint must identify the mortgaged premises by legal description and must identify the mortgage by the names of the mortgagor and mortgagee, and any assignee of the mortgagee; the date of its making; and pertinent recording information. The complaint must allege that the mortgaged premises are:

- (1) ten acres or less in size;
- (2) improved with a residential dwelling consisting of less than five units, which is not a model home or a dwelling under construction;
 - (3) not property used in agricultural production; and
- (4) abandoned.

The complaint must request an order reducing the mortgagor's redemption period to five weeks. When the complaint has been filed, the court shall issue a summons commanding the person or persons named in the complaint to appear before the court on a day and at a place stated in the summons. The appearance date shall be not less than 15 nor more than 25 days from the date of the issuing of the summons. A copy of the filed complaint must be attached to the summons.

7 Sec. 11.

Sec. 12. Minnesota Statutes 2008, section 582.032, subdivision 5, is amended to read:

8.1

8.2

8.3

8.4

8.5

8.6

8.7

8.8

8.9

8.10

8.11

8.12

8.13

8.14

8.15

8.16

8.17

8.18

8.19

8.20

8.21

8.22

8.23

8.24

8.25

8.26

8.27

8.28

8.29

8.30

8.31

8.32

8.33

8.34

8.35

Subd. 5. Order to show cause. In a foreclosure by action, the plaintiff or the holder of the sheriff's certificate may make a motion to reduce the mortgagor's redemption period under this section. The political subdivision in which the mortgaged premises are located may intervene in the action and make a motion to reduce the redemption period. The motion must conform generally to the pleading requirements provided in subdivision 4. For purposes of the motion, the court has continuing jurisdiction over the parties and the mortgaged premises through the expiration of the redemption period. When the motion has been filed, the court shall issue an order to show cause commanding the parties it considers appropriate to appear before the court on a day and at a place stated in the order. The appearance date may not be less than 15 nor more than 25 days after the date of the

Sec. 13. Minnesota Statutes 2008, section 609.605, subdivision 1, is amended to read: Subdivision 1. Misdemeanor. (a) The following terms have the meanings given them for purposes of this section.

order to show cause. A copy of the motion must be attached to the order to show cause.

- (1) "Premises" means real property and any appurtenant building or structure.
- (2) "Dwelling" means the building or part of a building used by an individual as a place of residence on either a full-time or a part-time basis. A dwelling may be part of a multidwelling or multipurpose building, or a manufactured home as defined in section 168.002, subdivision 16.
- (3) "Construction site" means the site of the construction, alteration, painting, or repair of a building or structure.
- (4) "Owner or lawful possessor," as used in paragraph (b), clause (9), means the person on whose behalf a building or dwelling is being constructed, altered, painted, or repaired and the general contractor or subcontractor engaged in that work.
 - (5) "Posted," as used:
- (i) in paragraph (b), clause (4), means the placement of a sign at least 8-1/2 inches by 11 inches in a conspicuous place on the exterior of the building, or in a conspicuous place within the property on which the building is located. The sign must carry a general notice warning against trespass;
- (ii) in paragraph (b), clause (9), means the placement of a sign at least 8-1/2 inches by 11 inches square in a conspicuous place on the exterior of the building that is under construction, alteration, or repair, and additional signs in at least two conspicuous places for each ten acres being protected. or in a conspicuous place within the area being protected. If the area being protected is less than three acres, one additional sign must

8 Sec. 13.

9.2

9.3

9.4

9.5

9.6

9.7

9.8

9.9

9.10

9.11

9.12

9.13

9.14

9.15

9.16

9.17

9.18

9.19

9.20

9.21

9.22

9.23

9.24

9.25

9.26

9.27

9.28

9.29

9.30

9.31

9.32

9.33

9.34

9.35

PT

- (iii) in paragraph (b), clause (10), means the placement of signs that:
- (A) state "no trespassing" or similar terms carry a general notice warning against trespass;
 - (B) display letters at least two inches high;
 - (C) state that Minnesota law prohibits trespassing on the property; and
 - (D) are posted in a conspicuous place and at intervals of 500 feet or less.
- (6) "Business licensee," as used in paragraph (b), clause (9), includes a representative of a building trades labor or management organization.
 - (7) "Building" has the meaning given in section 609.581, subdivision 2.
 - (b) A person is guilty of a misdemeanor if the person intentionally:
- (1) permits domestic animals or fowls under the actor's control to go on the land of another within a city;
- (2) interferes unlawfully with a monument, sign, or pointer erected or marked to designate a point of a boundary, line or a political subdivision, or of a tract of land;
- (3) trespasses on the premises of another and, without claim of right, refuses to depart from the premises on demand of the lawful possessor;
- (4) occupies or enters the dwelling or locked or posted building of another, without claim of right or consent of the owner or the consent of one who has the right to give consent, except in an emergency situation;
- (5) enters the premises of another with intent to take or injure any fruit, fruit trees, or vegetables growing on the premises, without the permission of the owner or occupant;
- (6) enters or is found on the premises of a public or private cemetery without authorization during hours the cemetery is posted as closed to the public;
- (7) returns to the property of another with the intent to abuse, disturb, or cause distress in or threaten another, after being told to leave the property and not to return, if the actor is without claim of right to the property or consent of one with authority to consent;

Sec. 13. 9

(v) unlawful sale, possession, storage, delivery, giving, manufacture, cultivation, or

(vi) unlicensed sales of alcoholic beverages committed within the building in

Sec. 16.

violation of section 340A.401;

use of controlled substances committed within the building;

10.1

10.2

10.3

10.4

10.5

10.6

10.7

10.8

10.9

10.10

10.11

10.12

10.13

10.14

10.15

10.16

10.17

10.18

10.19

10.20

10.21

10.22

10.23

10.24

10.25

10.26

10.27

10.28

10.29

10.30

10.31

10.32

10.33

(2) summarize the evidence that a nuisance is maintained or permitted in the

building, including the date or dates on which nuisance-related activity or activities are

11.1

11.2

11.3

11.4

11.5

11.6

11.7

11.8

11.9

11.10

11.11

11.12

11.13

11.14

11.15

11.16

11.17

11.18

11.19

11.20

11.21

11.22

11.23

11.24

11.25

11.26

11.27

11.28

11.29

11.30

11.31

11.32

11.33

11.34

Sec. 17.

alleged to have occurred;

PT

12.1 12.2 12.3 12.4 12.5

12.6

(3) inform the recipient that failure to abate the conduct constituting the nuisance or to otherwise resolve the matter with the prosecuting attorney within 30 days of service of the notice may result in the filing of a complaint for relief in district court that could, among other remedies, result in enjoining the use of the building for any purpose for one year or, in the case of a tenant, <u>lessee</u>, or <u>possessor</u>, could result in cancellation of the lease; and

(4) inform the owner of the options available under section 617.85.

Sec. 17. 12