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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH  
SESSION

HOUSE FILE No. **1698**

March 12, 2009

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The bill was read for the first time and referred to the Committee on Civil Justice

1.1 A bill for an act  
1.2 relating to housing; providing for the rehabilitation of housing that is vacant and  
1.3 abandoned as a result of the foreclosure crisis; protecting the health, safety, and  
1.4 welfare of the community through appropriate police powers; providing a legal  
1.5 process to appoint receivers for abandoned properties and recovery of funds  
1.6 expended to bring the property up to code; proposing coding for new law in  
1.7 Minnesota Statutes, chapter 463.

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

1.9 Section 1. **[463.270] MINNESOTA NEIGHBORHOOD RENEWAL ACT.**

1.10 Sections 463.270 to 463.274 may be referred to a the "Minnesota Neighborhood  
1.11 Renewal Act."

1.12 Sec. 2. **[463.271] DEFINITIONS.**

1.13 Subdivision 1. **Scope.** As used in sections 463.271 to 463.274, the terms defined in  
1.14 this section have the meanings given them.

1.15 Subd. 2. **Last known address.** "Last known address" includes the address where  
1.16 the property is located or the recorded address as listed in the applicable tax records.

1.17 Subd. 3. **Nonprofit housing organization.** "Nonprofit housing organization" or  
1.18 "organization" means a nonprofit corporation organized under chapter 317A that has  
1.19 as one of its purposes the improvement of housing or stabilization of neighborhoods.  
1.20 Nonprofit housing organization further includes, but is not limited to, a nonprofit  
1.21 community development corporation or a neighborhood association.

1.22 Subd. 4. **Nuisance.** "Nuisance" means any property that because of its physical  
1.23 condition or use is:

1.24 (1) a public nuisance, under sections 617.80 and 617.92 to 617.97;

- 2.1 (2) a private nuisance, under section 561.01;
- 2.2 (3) a hazardous building or hazardous condition, under section 463.16;
- 2.3 (4) vacant and boarded for 180 days; or
- 2.4 (5) condemned or without a certificate of occupancy due to local code or ordinance
- 2.5 violations for 180 days.

2.6 Subd. 5. **Parties in interest.** "Parties in interest" means any owner or owners of  
 2.7 record, judgment creditor, tax purchaser, or other party having a recorded interest in the  
 2.8 property.

2.9 Subd. 6. **Property.** "Property" means the building, structure, or land that is the  
 2.10 subject of an action under the Minnesota Neighborhood Renewal Act.

2.11 Subd. 7. **Property owner.** "Property owner" means the owner or owners of record  
 2.12 of the property for tax purposes.

2.13 Subd. 8. **Rehabilitation or rehabilitate.** "Rehabilitation" or "rehabilitate" means  
 2.14 the process of improving the property including, but not limited to, bringing the property  
 2.15 into compliance with applicable state and local fire, housing, and building codes.

2.16 Subd. 9. **Taxes.** "Taxes" means any tax, fee, or assessment charged by any city,  
 2.17 county, state, or federal governing entity on the property as a tax, fee, special assessment,  
 2.18 or lien on the property.

2.19 **Sec. 3. [463.272] REQUIREMENTS AND RELIEF.**

2.20 Subdivision 1. **General requirements.** An action under the Minnesota  
 2.21 Neighborhood Renewal Act shall only be taken:

- 2.22 (1) by a person acting on behalf of the state, county, municipality, or nonprofit
- 2.23 housing organization;
- 2.24 (2) if the subject property is a nuisance; and
- 2.25 (3) service has been made upon all parties in interest at last known address.

2.26 Subd. 2. **Access to property.** The court has the authority to grant any party access  
 2.27 to the property for the purpose of determining necessary actions under sections 463.270 to  
 2.28 463.274.

2.29 Subd. 3. **Relief.** A person acting on behalf of a state, county, municipality, or  
 2.30 nonprofit housing organization may seek any of the following relief from the court:

- 2.31 (a) An injunction requiring the property owner to rehabilitate the property, including,
- 2.32 but not limited to, an order for the property owner to:
- 2.33 (1) comply with state law;
- 2.34 (2) comply with local ordinances and codes; and

3.1 (3) take actions deemed necessary by the court to eliminate the existing or ongoing  
 3.2 nuisance.

3.3 (b) The appointment of a receiver to rehabilitate the property, including, but not  
 3.4 limited to, an order for the receiver to cause the property to:

3.5 (1) comply with state law;

3.6 (2) comply with local ordinances and codes; and

3.7 (3) take actions deemed necessary by the court to eliminate the existing or ongoing  
 3.8 nuisance.

3.9 (c) The court shall authorize the receiver, if appointed, to recover its costs, including  
 3.10 attorney fees, by the issuance of a receiver's certificate or note identifying the costs and  
 3.11 bearing interest the court may fix, and, after the initial issuance, the certificate or note shall  
 3.12 be freely transferable and shall be a first lien upon the real estate and the rents and issues  
 3.13 of the real estate, and shall be superior to all prior assignments of rents, prior existing  
 3.14 liens, prior existing mortgages, and prior existing encumbrances, except taxes. Within 90  
 3.15 days of the issuance, the holder of the receiver's certificate or note must file a notice of lien  
 3.16 in the office of the recorder in the county in which the real estate is located or in the office  
 3.17 of the registrar of titles. The notice of the lien filed shall set forth:

3.18 (1) a description of the real estate affected sufficient for the identification of the  
 3.19 real estate;

3.20 (2) the face amount of the receiver's certificate or note that was sold or transferred  
 3.21 for value by the receiver;

3.22 (3) the date when the receiver's certificate or note was issued by the court; and

3.23 (4) that the lien is placed on the property to recover for rehabilitation costs under the  
 3.24 Minnesota Neighborhood Renewal Act.

3.25 (d) Attorney fees and costs.

3.26 **Sec. 4. [463.273] RELEASE OF LIEN.**

3.27 Upon payment to the holder of the receiver's certificate or note of the face amount  
 3.28 of the certificate, together with any interest on the certificate, the lien on the certificate  
 3.29 shall be released.

3.30 **Sec. 5. [463.274] ENFORCEMENT OF LIEN.**

3.31 Subdivision 1. **Default.** The date of default shall be deemed to occur 90 days from  
 3.32 the date of issuance of the receiver's certificate or note, if at that time the note or certificate  
 3.33 remains unpaid in whole or in part.

4.1            Subd. 2. **Separate proceeding.** The lien may be enforced by proceeding to  
4.2 foreclose as in the case of mortgages or mechanics' liens, by advertisement under chapter  
4.3 580, or foreclosure by action under chapter 581. Action to foreclose the lien may be  
4.4 commenced at any time after the date of default.

4.5            Subd. 3. **Control of the property.** After the issuance of the receiver's certificate or  
4.6 note, the receiver is entitled to remain in possession of the property until the certificate or  
4.7 note is paid or the foreclosure process is completed.