

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 1444

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| DATE | D-PG | OFFICIAL STATUS |
|------------|------|---|
| 03/05/2015 | 575 | Introduction and first reading Referred to Judiciary |
| 03/25/2015 | | Comm report: To pass as amended Second reading |

1.1 A bill for an act
 1.2 relating to real property; mortgages; clarifying provisions relating to foreclosure
 1.3 sales; amending Minnesota Statutes 2014, sections 580.07, subdivision 2;
 1.4 580.30, subdivision 1; 582.25.

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

1.6 Section 1. Minnesota Statutes 2014, section 580.07, subdivision 2, is amended to read:

1.7 Subd. 2. **Postponement by mortgagor or owner.** (a) If all or a part of the property
 1.8 to be sold is classified as homestead under section 273.124 and contains one to four
 1.9 dwelling units, the mortgagor or owner may, in the manner provided in this subdivision,
 1.10 postpone the sale to the first date that is not a Saturday, Sunday, or legal holiday and is:

1.11 (1) five months after the originally scheduled date of sale if the original redemption
 1.12 period was six months under section 580.23, subdivision 1; or

1.13 (2) 11 months after the originally scheduled date of sale if the original redemption
 1.14 period was 12 months under section 580.23, subdivision 2. To postpone a foreclosure sale
 1.15 pursuant to this subdivision, at any time after the first publication of the notice of mortgage
 1.16 foreclosure sale under section 580.03 but at least 15 days prior to the scheduled sale date
 1.17 specified in that notice, the mortgagor shall: (1) execute a sworn affidavit in the form set
 1.18 forth in subdivision 3, (2) record the affidavit in the office of each county recorder and
 1.19 registrar of titles where the mortgage was recorded, and (3) file with the sheriff conducting
 1.20 the sale and deliver to the attorney foreclosing the mortgage a copy of the recorded affidavit,
 1.21 showing the date and office in which the affidavit was recorded. Recording of the affidavit
 1.22 and postponement of the foreclosure sale pursuant to this subdivision shall automatically
 1.23 reduce the mortgagor's redemption period under section 580.23 to five weeks. The
 1.24 postponement of a foreclosure sale pursuant to this subdivision does not require any change

2.1 in the contents of the notice of sale, service of the notice of sale if the occupant was served
2.2 with the notice of sale prior to postponement under this subdivision, or publication of the
2.3 notice of sale if publication was commenced prior to postponement under this subdivision,
2.4 notwithstanding the service and publication time periods specified in section 580.03, but
2.5 the sheriff's certificate of sale shall indicate the actual date of the foreclosure sale and the
2.6 actual length of the mortgagor's redemption period. No notice of postponement need be
2.7 published. An affidavit complying with subdivision 3 shall be prima facie evidence of the
2.8 facts stated therein, and shall be entitled to be recorded. The right to postpone a foreclosure
2.9 sale pursuant to this subdivision may be exercised only once, regardless whether the
2.10 mortgagor reinstates the mortgage prior to the postponed mortgage foreclosure sale.

2.11 (b) If the automatic stay under United States Code, title 11, section 362, applies
2.12 to the mortgage foreclosure after a mortgagor or owner requests postponement of the
2.13 sheriff's sale under this section, then when the automatic stay is no longer applicable, the
2.14 mortgagor's or owner's election to shorten the redemption period to five weeks under this
2.15 section remains applicable to the mortgage foreclosure.

2.16 (c) Except for the circumstances set forth in paragraph (b), this section does not
2.17 reduce the mortgagor's redemption period under section 580.23 for any subsequent
2.18 foreclosure of the mortgage.

2.19 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.20 and applies to mortgages executed before, on, or after that date.

2.21 Sec. 2. Minnesota Statutes 2014, section 580.30, subdivision 1, is amended to read:

2.22 Subdivision 1. **Reinstatement.** In any proceedings for the foreclosure of a real
2.23 estate mortgage, whether by action or by advertisement, if at any time before the sale
2.24 of the premises under such foreclosure the mortgagor, the owner, or any holder of any
2.25 subsequent encumbrance or lien, or any one for them, shall pay or cause to be paid to the
2.26 holder of the mortgage so being foreclosed, or to the attorney foreclosing the same, or
2.27 to the sheriff of the county, the amount actually due thereon and constituting the default
2.28 actually existing in the conditions of the mortgage at the time of the commencement of the
2.29 foreclosure proceedings, including insurance, delinquent taxes, if any, upon the premises,
2.30 interest to date of payment, cost of publication and services of process or notices, attorney's
2.31 fees not exceeding \$150 or one-half of the attorney's fees authorized by section 582.01,
2.32 whichever is greater, any costs incurred when an order to reduce a mortgagor's redemption
2.33 period under section 582.032 is entered, including costs and disbursements awarded under
2.34 section 582.032, subdivision 9, together with other lawful disbursements necessarily
2.35 incurred in connection with the proceedings by the party foreclosing, then, and in that

3.1 event, the mortgage shall be fully reinstated and further proceedings in such foreclosure
 3.2 shall be thereupon abandoned. The holder of a mortgage shall inform the mortgagor of
 3.3 the amount necessary to reinstate the mortgage within three days of receipt of a request
 3.4 for a reinstatement amount from the mortgagor. If the amount necessary to reinstate the
 3.5 mortgage was not mailed to the mortgagor within three days of receipt of the request, no
 3.6 liability accrues to the party foreclosing the mortgage or the party's attorney and the
 3.7 foreclosure is not invalidated if the mortgage reinstatement amount was mailed by first
 3.8 class mail to the mortgagor at least three days prior to the date of the completed sheriff's
 3.9 sale. Notwithstanding any law to the contrary, the holder of a mortgage has no obligation
 3.10 to delay or postpone a foreclosure sale upon receipt of a request for a reinstatement amount
 3.11 when that request was made less than three days prior to the sale. The reinstatement
 3.12 amount provided is effective for a period of seven days after the holder of the mortgage
 3.13 provides it to the mortgagor or until the foreclosure sale, whichever occurs first.

3.14 Sec. 3. Minnesota Statutes 2014, section 582.25, is amended to read:

3.15 **582.25 MORTGAGES; VALIDATING FORECLOSURE SALES.**

3.16 Every mortgage foreclosure sale by advertisement in this state under power of sale
 3.17 contained in any mortgage duly executed and recorded in the office of the county recorder
 3.18 or registered with the registrar of titles of the proper county of this state, together with
 3.19 the record of such foreclosure sale, is, after expiration of the period specified in section
 3.20 582.27, hereby legalized and made valid and effective to all intents and purposes, as
 3.21 against any or all of the following objections:

3.22 (1) that the power of attorney, recorded or filed in the proper office provided for
 3.23 by section 580.05:

3.24 (i) did not definitely describe and identify the mortgage;

3.25 (ii) did not definitely describe and identify the mortgage, but instead described
 3.26 another mortgage between the same parties;

3.27 (iii) did not have the corporate seal affixed thereto, if executed by a corporation;

3.28 (iv) had not been executed and recorded or filed prior to sale, or had been executed
 3.29 prior to, but not recorded or filed until after such sale;

3.30 (v) was executed subsequent to the date of the printed notice of sale or subsequent to
 3.31 the date of the first publication of such notice;

3.32 (2) that no power of attorney to foreclose such mortgage as provided in section
 3.33 580.05, was ever given, or recorded, or registered;

3.34 (3) that the notice of sale:

4.1 (i) was published only three, four or five times, or that it was published six times but
4.2 not for six weeks prior to the date of sale;

4.3 (ii) properly described the property to be sold in one or more of the publications
4.4 thereof but failed to do so in the other publications thereof, the correct description having
4.5 been contained in the copy of said notice served on the occupant of the premises;

4.6 (iii) correctly stated the date of the month and hour and place of sale but named a
4.7 day of the week which did not fall on the date given for such sale, or failed to state or state
4.8 correctly the year of such sale;

4.9 (iv) correctly described the real estate but omitted the county and state in which
4.10 said real estate is located;

4.11 (v) correctly described the land by government subdivision, township and range,
4.12 but described it as being in a county other than that in which said mortgage foreclosure
4.13 proceedings were pending, and other than that in which said government subdivision
4.14 was actually located;

4.15 (vi) did not state the amount due or failed to state the correct amount due or claimed
4.16 to be due;

4.17 (vii) incorrectly stated the municipal status of the place where the sale was to occur;

4.18 (viii) in one or more of the publications thereof, or in the notice served on the
4.19 occupant or occupants designated either a place or a time of sale other than that stated
4.20 in the certificate of sale;

4.21 (ix) failed to state the names of one or more of the assignees of the mortgage and
4.22 described the subscriber thereof as mortgagee instead of assignee;

4.23 (x) failed to state or incorrectly stated the name of the mortgagor, the mortgagee,
4.24 or assignee of mortgagee;

4.25 (xi) was not served upon persons whose possession of the mortgaged premises was
4.26 otherwise than by their personal presence thereon, if a return or affidavit was recorded
4.27 or filed as a part of the foreclosure record that at a date at least four weeks prior to the
4.28 sale the mortgaged premises were vacant and unoccupied;

4.29 (xii) was not served upon all of the parties in possession of the mortgaged premises,
4.30 provided it was served upon one or more of such parties;

4.31 (xiii) was not served upon the persons in possession of the mortgaged premises, if, at
4.32 least two weeks before the sale was actually made, a copy of the notice was served upon
4.33 the owner in the manner provided by law for service upon the occupants, or the owner
4.34 received actual notice of the proposed sale;

4.35 (xiv) gave the correct description at length, and an incorrect description by
4.36 abbreviation or figures set off by the parentheses, or vice versa;

5.1 (xv) was served personally upon the occupants of the premises as such, but said
5.2 service was less than four weeks prior to the appointed time of sale;

5.3 (xvi) did not state the original principal amount secured, or failed to state the correct
5.4 original principal amount secured;

5.5 (4) that distinct and separate parcels of land were sold together as one parcel and to
5.6 one bidder for one bid for the whole as one parcel;

5.7 (5) that no authenticated copy of the order appointing, or letters issued to a foreign
5.8 representative of the estate of the mortgagee or assignee, was properly filed or recorded,
5.9 provided such order or letters have been filed or recorded in the proper office prior to one
5.10 year after the last day of the redemption period of the mortgagor, the mortgagor's personal
5.11 representatives or assigns;

5.12 (6) that a holder of a mortgage was a representative appointed by a court of competent
5.13 jurisdiction in another state or county in which before the foreclosure sale an authenticated
5.14 copy of the representative's letters or other record of authority were filed for record in the
5.15 office of the county recorder of the proper county but no certificate was filed and recorded
5.16 therewith showing that said letters or other record of authority were still in force;

5.17 (7)(i) that said mortgage was assigned by a decree of a court exercising probate
5.18 jurisdiction in which decree the mortgage was not specifically or sufficiently described;

5.19 (ii) that the mortgage foreclosed had been assigned by the final decree of
5.20 the court exercising probate jurisdiction to the heirs, devisees, or legatees of the
5.21 deceased mortgagee, or the mortgagee's assigns, and subsequent thereto and before the
5.22 representative of the estate had been discharged by order of the court, the representative
5.23 had assigned the mortgage to one of the heirs, devisees, or legatees named in such final
5.24 decree, and such assignment placed on record and the foreclosure proceedings conducted
5.25 in the name of such assignee and without any assignment of the mortgage from the heirs,
5.26 devisees, or legatees named in such final decree, and the mortgaged premises bid in at the
5.27 sale by such assignee, and the sheriff's certificate of sale, with accompanying affidavits
5.28 recorded in the office of the county recorder of the proper county;

5.29 (iii) that a mortgage owned by joint tenants or tenants in common was foreclosed
5.30 by only one tenant;

5.31 (8) that the sheriff's certificate of sale or the accompanying affidavits and return of
5.32 service were not executed, filed or recorded within 20 days after the date of sale, but have
5.33 been executed and filed or recorded prior to the last day of the redemption period of the
5.34 mortgagor, the mortgagor's personal representatives or assigns;

5.35 (9) that the year, or the month, or the day, or the hour of the sale is omitted or
5.36 incorrectly or insufficiently stated in the notice of sale or the sheriff's certificate of sale;

6.1 (10)(i) that prior to the foreclosure no registration tax was paid on the mortgage,
6.2 provided such tax had been paid prior to one year after the last day of the redemption
6.3 period of the mortgagor, the mortgagor's personal representatives or assigns;

6.4 (ii) that an insufficient registration tax has been paid on the mortgage;

6.5 (11) that the date of the mortgage or any assignment thereof or the date, the
6.6 month, the day, hour, book, and page, or document number of the record or filing of the
6.7 mortgage or any assignment thereof, in the office of the county recorder or registrar of
6.8 titles is omitted or incorrectly or insufficiently stated in the notice of sale or in any of the
6.9 foreclosure papers, affidavits or instruments;

6.10 (12) that the notice of mortgage foreclosure sale or sheriff's certificate of sale
6.11 designated the place of sale as the office of a county official located in the court house of
6.12 the county when such office was not located in such court house;

6.13 (13) that no notice of the pendency of the proceedings to enforce or foreclose
6.14 the mortgage as provided in section 508.57, was filed with the registrar of titles or no
6.15 memorial thereof was entered on the register at the time of or prior to the commencement
6.16 of such proceedings; or that when required by section 508.57, the notice of mortgage
6.17 foreclosure sale failed to state the fact of registration;

6.18 (14) that the power of attorney to foreclose or the notice of sale was signed by the
6.19 person who was the representative of an estate, but failed to state or correctly state the
6.20 person's representative capacity;

6.21 (15) that the complete description of the property foreclosed was not set forth in
6.22 the sheriff's certificate of sale, if said certificate correctly refers to the mortgage by book
6.23 and page numbers or document number and date of filing and the premises are accurately
6.24 described in the printed notice of sale annexed to said foreclosure sale record containing
6.25 said sheriff's certificate of sale;

6.26 (16) that the date of recording of the mortgage was improperly stated in the sheriff's
6.27 certificate of mortgage foreclosure sale, the mortgage being otherwise properly described
6.28 in said sheriff's certificate of mortgage foreclosure sale and said certificate of mortgage
6.29 foreclosure sale further referring to the printed notice of mortgage foreclosure sale
6.30 attached to said sheriff's certificate of mortgage foreclosure sale in which printed notice
6.31 the mortgage and its recording was properly described;

6.32 (17) that prior to the first publication of the notice of sale in foreclosure of a
6.33 mortgage by advertisement, an action or proceeding had been instituted for the foreclosure
6.34 of said mortgage or the recovery of the debt secured thereby and such action or proceeding
6.35 had not been discontinued;

7.1 (18) that at the time and place of sale the sheriff considered and accepted a bid
7.2 submitted prior to the date of the sale by the owner of the mortgage and sold the mortgaged
7.3 premises for the amount of such bid, no other bid having been submitted, and no one
7.4 representing the owner of the mortgage being present at the time and place of sale;

7.5 (19) that such sale was postponed by the sheriff to a date or time subsequent to the
7.6 one specified in the notice of sale but there was no publication or posting of a notice of
7.7 such postponement;

7.8 (20) that there was not recorded with letters or other record of authority issued to a
7.9 representative appointed by a court of competent jurisdiction in another state or county, a
7.10 certificate that said letters or other record of authority were still in force and effect;

7.11 (21) that the sheriff's affidavit of sale correctly stated in words the sum for which
7.12 said premises were bid in and purchased by the mortgagee, but incorrectly stated the same
7.13 in figures immediately following the correct amount in words;

7.14 (22) that the notice of pendency of the foreclosure as required by section 580.032
7.15 was not filed for record before the first date of publication of the foreclosure notice, but
7.16 was filed before the date of sale; ~~and~~

7.17 (23) that the servicer did not comply with the requirements of section 582.043; and

7.18 (24) that notice for any postponement of the sheriff's sale by the party conducting
7.19 the foreclosure was not timely or properly mailed or published.