

**2008 Legislative Update
Mortgage Foreclosure Laws
By Jennifer Carey and Kevin Dunlevy**

Chapter 174
Amends: § 484.014

Effective Date: August 1, 2008

Directs the court to expunge the eviction records of a tenant if the property was subject to a contract for deed cancellation or mortgage foreclosure if the tenant vacates the property prior to end of redemption period or does not receive notice to vacate.

Chapter 177
Amends: §§ 504B.151, 504B.178, 504B.285

Effective Date: August 1, 2008

Provides new notices and updates existing tenant notices of impending foreclosures and permits tenant to withhold last month's rent.

Chapter 178
Amends: § 582.032

Effective Date: April 5, 2008

Encourages the court to reduce foreclosure redemption periods on vacant and abandoned properties to five weeks. At a hearing if a defendant fails to appear the failure to do so is considered "conclusive evidence of abandonment by the defendant."

Chapter 215
Amends: §§ 363A.29, 609.822

Effective Date: August 1, 2008

Increases punitive damage cap from \$8,500 to \$25,000 for damages in discrimination claims under state Human Rights Act and the ability to prosecute mortgage fraud.

Chapter 238
Amends: §§ 14.03, 58.02, 287.08, 287.241, 287.25, 386.03, 386.19, 386.26, 386.31, 386.409, 507.40, 507.46, 507.24

Effective Date: Various

Requires foreclosing lenders to provide additional data to be shown on notice of pendency, notice of sale, and certificate of sale, including street address of the mortgaged property, name of the transaction agent, residential mortgage servicer, and lender or broker, tax parcel identification number, transaction agent's mortgage identification number, and the name of the mortgage originator and establishes a working group to develop a statewide foreclosure data base and reporting system.

Also establishes the Electronic Real Estate Recording Commission to begin moving the state toward an electronic recording system and away from the current paper-focused system of foreclosure state collection and reporting. A report is due the Legislature by February 15, 2009.

Chapter 240
Amends: §§ 58.02, 60A.11

Effective Date: August 1, 2008

Clarifies language relating to the Minnesota Residential Mortgage Originator and Servicer Licensing Act; extends the timeframe from 26 to 60 months that a residential mortgage originator must keep and maintain records of all trust funds; also extends from 26 to 60 months the time that a licensee must keep business records, including advertisements, regarding residential mortgage loan applications, originated or serviced in the course of its business.

Chapter 273
Amends: §§ 327.64, 327.65, 327.66, 327B.01, 327B.12

Effective Date: August 1, 2008

Increases consumer protection measures for manufactured housing homeowners. Establishes a 30 day reinstatement period in addition to the current 30 day cure of default period. Also prohibits certain predatory lending practices such as churning.

Chapter 276
Amends: §§ 47.20, 334.01, 58.13, 58.18

Effective Date: Various

Raises the limit on the principal amount of a contract for deed subject to usury regulation from \$100,000 to \$300,000.

Chapter 313
Amends: § 504B.215

Effective Date: August 1, 2008

In residential buildings with less than five units, allows tenants to pay utilities or water bills when landlord fails to do so and deduct payments from their rent.

Chapter 341
Amends: §§ 256B.15, 272.12, 287.22, 507.092, 508.02, 508.48, 508.52, 508.671, 580.03, 580.041, 580.06, 580.07, 580.12, 580.23, 580.25, 580.28, 580.30, 581.10, 582.031, 507.24, 510.05, 550.19, 550.22, 550.24, 580.24

Effective Date: Various

Amends provisions relating to mortgage foreclosures; provides for foreclosures prevention counseling, and prescribes pre-foreclosure and foreclosure notices.

Also provides for new recording fees for common interest communities, transfer on death deeds, clarifies that the common law doctrine of boundaries by practical location applies to registered land, clarifies acknowledgments made in a representative capacity and deletes obsolete references to margin of the record.

Chapter 347
Amends: §§ 60A.06, 68A.04, 82.49

Effective Date: August 1, 2008

Prohibits a closing agent from fronting the funds to close a transaction, even if there is an established relationship with the lender.

Chapter 362
Amends: § 462A.209

Effective Date: May 28, 2008

Increases the amount of financial assistance an individual or family trying to avoid foreclosure may receive to a 110 percent of the greater of state or applicable metropolitan statistical area median monthly owner cost of owner occupied housing...multiplied by six. Awards have previously been capped at \$5,500.