

2007 REAL ESTATE LEGISLATIVE UPDATE¹

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Chapter 9

Building Contractor Insurance

Statutes Affected: 326.94, subd. 2

Section 1: Changes the coverage and minimums required for insurance of building contractors, including completed operations insurance; requires building contractors to file proof of insurance with the commissioner of labor and industry, including a commitment from the insurance company that it will give the commissioner at least 15 days advance notice of cancellation.

Effective Date: August 1, 2007.

Chapter 13

Revisor's Corrections

Statutes Affected: 273.032, 340A.412

Article 1

Section 12: For purposes of determining any net debt limit based on market value, inserts the word "value" into the phrase "after the limited market value adjustments under section 273.11."

Section 14: Prohibits liquor licenses on the State Fairgrounds, except a license which authorizes the sale of Minnesota-produced wine by the glass at the state fair in connection with the sale of food.

Effective Date: August 1, 2007.

¹ This summary does not purport to cover all relevant chapters or sections. Please refer to the actual session laws for the exact terms and effective dates. Session laws can be retrieved at <http://ros.leg.mn/data/revisor/slaws/2007/0/>.

Chapter 18

Predatory Lending

Statutes Affected: 58.13

Section 1: Defines “Fully indexed rate” to mean the index rate prevailing at the time a residential mortgage loan is originated, plus the margin that will apply after the expiration of an introductory interest rate.

Section 2: Prohibits mortgage originators from arranging mortgages without verifying the borrower’s income and ability to repay or arranging for loans that do not benefit the borrower.

Section 6: Establishes that mortgage brokers have an agency relationship with borrowers, requiring the broker to act in the best interest of the borrower.

Effective Date: August 1, 2007.

Chapter 40

State Building Code

Statutes Affected: 16B.61

Requires the commissioner of labor and industry to adopt rules for radon control as a part of the State Building Code.

Effective Date: August 1, 2007.

Chapter 57

Environmental and Natural Resources

Statutes Affected: 84.0272, 89.56, subd. 1, 103F.518, 103G.2241, subd. 2, 103G.2241, subd. 9, section 103G.2242, subd. 2a, section 103G.235

Section 4: Directs the commissioner of natural resources to update the rules regarding minimum shoreland standards.

Section 21: Requires parties to an easement purchased by the commissioner of natural resources to specify in the easement all perpetual provisions and file the easement with the county and the commissioner.

Section 65: Expands the pool of land owners who may be required to contribute to the expense of infestation control measures, to owners of land containing trees affected or likely affected,

striking the language specifying only owners of land with trees of commercial value as subject to charge.

Section 119: Establishes the reinvest in Minnesota (RIM) clean energy program and providing for the acquisition of easements of land for that purpose.

Section 123: Eliminates the requirement for replacement draining plans for wetlands on parcels subject to local zoning standards that allow for family members to establish an additional residence on the same 40 acres and agricultural land under specified conditions.

Section 126: Requires a replacement plan for certain wetlands within the 11-county metropolitan area and to specifically exclude from requirements certain other areas of land.

Section 129: Provides a mechanism for appeal of wetland boundary or type determinations.

Section 134: Allows private landowners to deny public access to a new or restored wetland existing on private land that is adjacent to public land or a public road right-of-way by posting.

Article 2

Section 63: Extends the renewal date of licenses for real estate brokers and salespersons to August 31, 2007 instead of the prior June 30 deadline.

Effective Date: Various effective dates.

Chapter 64

Airport Zoning

Statutes Affected: 82.22, subd. 8

Declares that a real estate broker or agent has no duty to disclose information about airport zoning if the broker or agent provides written notice that a copy of the airport zoning regulations can be reviewed at the office of the county recorder. Declares that the seller has no duty to disclose information about airport zoning if the seller provides written notice that a copy of the airport zoning regulations can be reviewed at the office of the county recorder.

Effective Date: August 1, 2007.

Chapter 73

Platting

Statutes Affected: 505.01, 505.021, 505.04

Clarifies and updates platting requirements; defines terms; reflects changes in standards, technologies, and processes; cross references to reduce redundancies; and organizes plat preparation and recording requirements.

Section 1: Clarifies that donation of park property conveys fee title and that dedication of streets and public ways conveys an easement only.

Section 2: Enumerates the necessary contents of plats, including ownership, boundaries, public ways, easements, and water boundaries, as well as the certification and approval requirements. Specifies the format and media for plats throughout the state. Declares that the plat name in the dedication statement prevails over a differing name elsewhere. Allows a separate consent by mortgage holders. Allows notarial acts without notary stamps. Specifies types of easements for display on the plat. Specifies the depiction of water boundaries. Details surveyor certifications requirements.

Section 3: Notes that certain plats for minor subdivisions land can be approved administratively.

Section 4: Requires an exact copy of a plat containing both registered and unregistered land to be provided to and placed under supervision of both county recorder or registrar of titles.

Sections 5 - 7: Repeal obsolete language, including \$100 penalty for referring to a plat in purchase agreements before the plat is recorded.

Effective Date: August 1, 2007.

Chapter 74

Sub-prime Mortgages, Negative Amortization and “Special Mortgages”

Statutes Affected: 58.02, 58.13, 58.137, 58.18, 609.822

Section 1: Defines “subprime loan” and “negative amortization.”

Section 3: Prohibits mortgage originators and servicers from arranging a mortgage loan to pay off a special mortgage unless the borrower has proof of loan counseling.

Section 4: Prohibits residential mortgage originators from entering into a subprime loan that contains a prepayment charge.

Section 5: Provides for private rights of action for borrowers injured by a violation of this chapter.

Section 7: Defines residential mortgage fraud as a crime and provides penalties.

Effective Date: August 1, 2007.

Chapter 82

Freedom to Breathe

Statutes Affected: 144.413, 144.414, 144.416, 144.417

Section 3: Defines “indoor area” and “place of employment.”

Section 5: Add bars, food and liquor establishments to the definition of public places. Eliminates an exclusion for offices occupied exclusively by smokers.

Section 8: Prohibits smoking in public places, places of employment, and in public transportation. Restricts smoking in home day care facilities.

Section 9: Requires proprietors and others responsible for public places to make reasonable efforts to prevent and stop smoking and establishes a petty misdemeanor for proprietors who knowingly fail to comply with the law.

Effective Date: October 1, 2007.

Chapter 90

Municipal Boundary Adjustments

Statutes Affected: 414.0325, subd. 1b

Modifies municipal boundary adjustment provisions and extends the advisory task force study report due date to January 2008. Limits the notice to the initial designation to include property in an orderly annexation area, not to any subsequent annexation of property from within the orderly annexation area; eliminates notice requirement from annexations by unanimous petition from the land owners.

Effective Date: May 22, 2007.

Chapter 92

Shoreland Resorts

Statutes Affected: 103F.227

Section 2: Defines “resort” as an existing shoreland commercial establishment. Requires counties and municipalities to allow resort owners to maintain structures while not increasing the structure’s footprint and to replace structures damaged or destroyed by natural disaster. Allows resorts to minimally expand to satisfy building codes as long as the structure is not built larger than minimally necessary or closer to the shoreline.

Effective Date: August 1, 2007.

Chapter 105

Homestead Exemptions

Statutes Affected: 510.02, 510.05, 541.051, 550.175, 550.18, 550.19, 550.206, 550.22; 550.24, 580.24

Section 2: Amends the homestead exemption to eliminate urban 1/2 acre limitation. Increases the exemption amount from \$200,000 to \$300,000 for urban homesteads, and from \$500,000 to \$750,000 for agricultural homesteads. Indexes the exemption amount for inflation.

Section 3: Clarifies that the homestead is not exempt from attorney liens.

Section 4: Adds two years to the statute of limitations on statutory construction warranties for claims arising from contribution or indemnification.

Section 5: Establishes the requirements for an order directing the sale of real property in homestead judgment foreclosures. Exempts real property co-owned by a non-debtor with: (1) homestead rights under sections 507.02 and 510.01 to 510.04; (2) rights as a joint tenant or life tenant; or (3) rights to take the homestead under section 524.2402. Requires a cash bid for the exemption amount.

Section 8: Requires the foreclosing judgment creditor to record the order for sale.

Section 9: Specifies how the judgment creditor serves and publishes the notice of sale.

Section 10: Requires a report of sale and order confirming sale. Requires the sheriff to hold the exempt funds until the debtor vacates or redemption expires.

Section 11: Provides for an affidavit to evidence that property is not homestead for purposes of non-judicial judgment execution sales.

Section 12: Clarifies that the judgment debtor may redeem by paying the amount bid at the sale, plus interest and costs. Provides for a five-week redemption period action if the property is abandoned.

Section 13: Declares the order of redemption of judgments docketed after the recording of the mortgage foreclosed.

Effective Date: Various effective dates.

Chapter 106

Equity Stripping

Statutes Affected: 325N.01, 325N.03, 325N.04, 325N.10, 325N.18, 510.02, 550.175, 550.19, 550.206

Section 1: Clarifies the definition of “residence in foreclosure” under § 325N.01 (f) to mean a residence where there is a delinquency or default on any loan or debt attached to the residential property.

Section 2: Amends the contract requirements under § 325N.03 to require a notice of cancellation and a physical address to where notice shall be mailed. Describes when cancellation occurs.

Section 3: Prohibits a foreclosure consultant from demanding a fee above eight percent or securing the loan with any real property.

Section 5: Amends the definition of “foreclosure purchaser” to include those who have acted as an acquirer in any prior foreclosure reconveyance, rather than one in the prior 12 months. Excludes a person not in the business of foreclosure purchasing who had a prior “personal” relationship with the foreclosed homeowner.

Section 6: Amends definition of “residence in foreclosure” to include contract for deed cancellations.

Section 7 and 8: Clarify and expand the ability and means to cancel a foreclosure reconveyance contract.

Section 9: Expands prohibitions against actions by foreclosure purchasers.

Section 10: Stays eviction actions if a defendant makes a prima facie showing that the property is subject to a prohibited foreclosure reconveyance transaction.

Sections 11 - 21. Duplicate homestead foreclosure amendments in chapter 105 described above.

Effective Date: Various effective dates.

Chapter 109

Mercury Reduction

Statutes Affected: 115A.932, 116.92

Section 1: Requires the recycling of fluorescent or high-density discharge lamps.

Section 6: Prohibits the sale or installation of mercury-containing thermostats.

Section 7: Prohibits the sale and distribution of mercury switches or relays.

Section 12: Exempts mercury-containing switch, relay or measuring devices as replacement components when no non-mercury component suffices.

Effective Date: Various effective dates.

Chapter 113

Metropolitan Council

Statutes Affected: 473.175

Eliminates the requirements of public notice and hearing for the comprehensive plans submitted by local governmental units to the Metropolitan Council.

Effective Date: May 24, 2007.

Chapter 116

Municipal Park and Open Space Plans

Statutes Affected: 462.358, subd. 2b

Amends the provision allowing a city or township to accept a cash fee in lieu of dedication of land. Amends the provision for calculating a park assessment fee by employing the fair market value of the unplatted land, with certain exceptions.

Effective Date: August 1, 2007.

Chapter 129

Data Privacy - Landowner Appraisal Rights

Statutes Affected: 84.0274, subd. 5d

Amends appraisal confidentiality requirements in condemnations.

Effective Date: August 1, 2007.

Chapter 131

Environmental Law

Statutes Affected: 16B.328, 97A.441, 114E, 84.0274, subd 5, 93.55

Article 1

Section 1: Instructs the commissioner of administration to develop a model ordinance to reduce light pollution through regulation of public and private lighting standards.

Section 26: Allows owners of 80 acres who are not actively farming to be granted license to hunt deer without a fee.

Sections 59 - 70: Enacts Uniform Environmental Covenants Act which provides for agreements between landowners and environmental agencies to proscribe land use, require reporting, and facilitate response to contamination.

Article 2

Section 2: Describes the rights of a landowner from whom the state is purchasing land to include being informed of the value of the land as appraised.

Section 4: Provides for an exception to the forfeiture of mineral interests.

Effective Date: August 1, 2007.

Chapter 135

Jobs and Economic Development

Statutes Affected: 181.723, 326.40, 326B.89, 326.48

Article 3

Section 15: Requires certain independent contractors working in commercial or residential building construction or improvement services to obtain an independent contractor exemption certificate.

Sections 23 - 27: Amends regulation of master plumbers and journeyman plumbers, including licensing, fees, and restrictions on activities.

Section 29: Modifies the requirements for the Contractor Recovery Fund, which compensates owners or lessees of residential real estate who have valid, totally or partially unpaid judgments against a construction licensee, by reimbursing the department for all legal and administrative expenses, disbursements, and costs incurred in administering the funds, paying for educational or research projects in residential contracting, and providing information to the public on residential contracting issues. Defines terms, increases the fees, specifies the compensation procedure and increases the caps on the amounts that can be paid to claimants, specifies application requirements, provides for Commissioner review and administrative hearing and provides for additional assessments if the balance of the fund becomes too low to sustain its purpose.

Article 4

Sections 4-7: Amends regulation of high pressure pipefitters, including licensing, fees, and restrictions on activities.

Article 6

Sections 3-6: Amends regulation of power limited technicians, including licensing, fees, and restrictions on activities.

Effective Date: Generally effective July 1, 2007, except Art. 3, Section 15 effective July 1, 2008.

Chapter 136

Energy

Statutes Affected: 504B.161

Article 3

Section 5: Requires landlords to provide in a rental contract that the landlord will make the premises reasonably energy efficient, through installation of caulking, weather-stripping, storm windows, and storm doors.

Effective Date: August 1, 2007.

Chapter 140

Construction Code and Licensing

Statutes Affected: 16B.747, 326.242, 326.2441, 326.84

Article 4

Section 25: Requires persons who operate elevators to obtain an annual permit.

Article 5

Sections 20 - 27: Amends regulation of electricians, including licensing, fees, and restrictions on activities.

Section 28: Amends the state electrical inspection regulations regarding fees.

Article 8

Section 8: Amends the licensing requirements to include building contractors, residential roofers and manufactured home installers among those who must be licensed.

Effective Date: Various effective dates.

Chapter 141

Manufactured Home Relocation Trust Fund

Statutes Affected: 327C.095, 462A.40

Section 2: Requires notification of residents that they may be eligible for payments.

Section 3: Requires manufactured park owners to pay into the fund under certain conditions when home owners are relocated; requires an annual \$12 payment from each manufactured home owner.

Section 8: Creates a fund for the purpose of funding the relocation of manufactured homes when a manufactured home park is closed, reduced, or otherwise terminated.

Effective Date: Various effective dates.

Chapter 150

Public Nuisance Gang Activity

Classifies certain gang activity and the use of certain locations for gang activity as a public nuisance. A county or city attorney, or the attorney general, may file a suit to stop the nuisance-creating activity or accommodation of the activity. A court may additionally order reasonable requirements to prevent future gang activities. Penalties for violation of a court order are punishable by a fine or criminal penalty.

Effective Date: August 1, 2007.