

MINNESOTA FORECLOSURE SALES

USE OF PSO FOR FORECLOSURE SALES

Allows for lenders to designate the use of a qualified Private Selling Officer (PSO) to conduct the foreclosure sale of a property in cooperation with the Sheriff, either in person or online.

WHAT IS A FORECLOSURE SALE?

Once the borrower exhausts all opportunities to remain in the home, the property goes to a public foreclosure sale.

PROPOSED PSO INVOLVEMENT

- Does NOT expedite the foreclosure
- Does NOT negatively impact loss mitigation efforts
- Improves sale outcomes that decrease deficiencies and increase surplus funds
- Protect against excessive and predatory fees negatively impacting the borrower

BENEFITS OF ONLINE SALES

- Attracts more buyers and results in more sales and higher sales rates
- Makes foreclosure process more accessible for local buyers
- Reduces administrative burdens on all parties and reduces physical location limitations
- Improves sale outcomes that decrease deficiencies and increase surplus funds

PSO involvement in Foreclosure Sales Proven Successful in*:

- Increasing exposure and marketing of properties
- Expanding local bidder participation
 - 92% of buyers purchased 5 or less properties in 2024
 - 83% bought within driving distance (200 miles or less) of where they live, with a median distance of 18 miles in 2024
- Maximizing third-party sales with 58% sales rate in 2024
- Maximizing sale price and surplus benefiting borrowers
- Reducing neighborhood blight putting properties back into the market
 - Resales occur 36% faster (~ 182 days less time) vs properties that revert at foreclosure sale and go through the REO
- Increasing neighborhood stabilization
 - 72% sold of foreclosure sale resales go to owner-occupants vs. 62% of properties sold through traditional REO process

Highlights of the Proposed Bill:

- Preserves sheriff involvement in overall process and seamless incorporation
- Important process safeguards and controls for conducting sales online
- Minimum requirements for qualified sale vendors and PSOs
- Allows flexibility to permit online or in person sales
- Capped vendor and PSO fees safeguarding impact to borrowers
 - Prohibits fees charged to bidders and buyers at sale including Buyer's premium that could negatively impact borrowers

Foreclosure Sale Processes	Current	Under New Bill
Sale Calendar for Notice & Publication	S	S/P
Sale Conducted in Person	S	S/P
Sale Conducted Online	S	S/V/P
Collect sale proceeds and Issue Certificate of Sale	S	S/P
Manage post-sale processes (Manage and Distribute Sale Proceeds, Deed Delivery)	S	S
Redemption	S	S

S – Sheriff P—PSO V – Online Vendor for Sheriff

*Statistics based on Auction.com marketplace metrics.

