

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 19
Version: First committee engrossment
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Subject: Mortgage foreclosure postponement
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DATE: March 20, 2009

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Overview

This bill allows an owner of homestead real estate consisting of one to four residential units to postpone a mortgage foreclosure sale for five months. The post-sale redemption period (normally six months) is reduced by an equivalent amount, making it five weeks. The main effect is to give the homeowner more time to reinstate the mortgage loan by paying only the amount in default plus the lender's costs of the foreclosure, instead of having to redeem the property by paying off the entire amount of the mortgage loan after the foreclosure sale.

Section

1 Postponement.

Subd. 1. Postponement by mortgagee. Makes no change. This existing provision allows the lender to postpone a foreclosure sale, which has always been allowed for any reason.

Subd. 2. Postponement by mortgagor or owner. Permits the borrower to postpone a foreclosure sale if the property is classified as homestead and has one to four dwelling units. Permits postponement of the sale to a date that is five months after the originally scheduled date of the sale. Reduces the post-sale redemption period from six months to five weeks, to keep the total time involved roughly the same. Describes in detail the procedure for postponing the sale, including how this postponement is dealt with for purposes of avoiding future real estate title problems.

Subd. 3. Affidavit form. Provides a form for the affidavit required in subdivision 2 as part of the process of getting the sale postponed. The affidavit recites that the borrower meets the requirements provided in this section for getting the sale postponed. An affidavit is a written statement signed under oath.

Effective date: Makes the bill effective one month after final enactment and apply to

foreclosure sales scheduled to take place on or after that date.