

HOUSE RESEARCH

Bill Summary

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Subject: Mortgage foreclosure postponement and validation

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Overview

This bill modifies and clarifies provisions related to the reinstatement of a mortgage in a foreclosure and the postponement of a sale by the homeowner in a foreclosure by advertisement. This bill also adds a provision to the law that a foreclosure sale is not invalidated when the party conducting the foreclosure fails to properly mail or publish the postponement of the sheriff's sale.

Section

- 1 Postponement by mortgage or owner.** Adds a provision to existing law on foreclosures by advertisement to clarify that when a homeowner has postponed a foreclosure sale under the statutory provision that allows the sale to be postponed for five or 11 months, corresponding to the redemption period, that if the property must be foreclosed on again in the future the statutory redemption period is not shortened or altered by the use of the previous postponement.
Effective date. This section affects mortgages that have been executed before, on, or after the date of final enactment.
- 2 Reinstatement.** Provides that a mortgagor must provide a mortgagee the amount necessary to reinstate the mortgage in a foreclosure action within three days of the receipt of the request and that if the mortgagee asks for the reinstatement amount with less than three days before the sale the mortgagor does not have to postpone or delay the foreclosure sale. This provision also provides that the reinstatement amount provided is good for seven days or until the foreclosure sale, if that occurs less than seven days from the time the reinstatement amount is provided, and that as long as the reinstatement amount is received at least three days before the sale, the sale cannot be invalidated.

Section

- 3** **Mortgages; validating foreclosure sales.** Provides that the foreclosure by advertisement sale is not invalidated when the party conducting the foreclosure fails to properly mail or publish the postponement of the sheriff's sale.