

**Subject** Mortgage foreclosure; surplus, creditor redemption; tax liens

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## Overview

This bill amends sections of law related to foreclosure by advertisement and clarifies that a person needs to have a legal or equitable interest in real property to pay back taxes on property in order to create a lien that is actionable.

## Summary

| Section | Description |
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| 1 | <p><b>Taxes paid by tenant, occupant, or other person.</b></p> <p>Clarifies that a lien can be created when a person with a legal or equitable interest in the land pays the delinquent taxes, and how to perfect that right to the lien through a recording.</p>   |
| 2 | <p><b>Surplus.</b></p> <p><b>Subd. 1. Demand for surplus.</b> Provides for the use of surplus money after sheriff's sale in a foreclosure and allows the money to be held and used for the redemption of the property, or paid to a junior creditor.</p> <p><b>Subd. 2. Notice of surplus.</b> Requires the owner to be notified if there is a surplus after the sheriff's sale and provided with information about redemption and the surplus.</p> <p><b>Subd. 3. Request by owner to have surplus applied.</b> Allows the owner to make a written request to have the amount from the sheriff's sale applied to the cost of redemption.</p> <p><b>Subd. 4. Surplus of less than \$100.</b> Allows a surplus of less than \$100 to be paid to the owner.</p> <p><b>Subd. 5. Resolution of competing claims.</b> Provides a process to address competing claims for the surplus through the courts.</p> |

| Section | Description   |
|---------|---|
| 3       | <b>Satisfaction of mortgage.</b><br>Clarifies that the amount received through the sheriff's sale in a foreclosure by advertisement is considered full satisfaction of the mortgage debt owed.  |
| 4       | <b>Redemption by creditor.</b><br>Extends the time creditors have to redeem a mortgage from seven days to 14 days after a mortgagor's redemption period ends. This section also clarifies the interest rate, and what to do if there is a dispute. This section is effective January 1, 2026.       |
| 5       | <b>Creditor redemption, how made.</b><br>Clarifies how a creditor can redeem, effective January 1, 2026.  |
| 6       | <b>Certificate of redemption; record.</b><br>Clarifies terms related to mortgage holder or creditor redeeming and extends the time to record after redemption to one week. This section is effective January 1, 2026.   |
| 7       | <b>Action to set aside mortgage; foreclosure; redemption.</b><br>Clarifies that dispute in who has redemption rights or the rights to surplus can be brought in an action under chapter 580 and how to provide a deposit for that action. This section is effective January 1, 2026.                |
| 8       | <b>Allowable costs collectable upon redemption.</b><br>Clarifies the interest rate. Provides this section is effective January 1, 2026.   |
| 9       | <b>Affidavit of allowable costs.</b><br>Clarifies what needs to be on the affidavit of allowable costs. Provides this section is effective January 1, 2026.   |
| 10      | <b>Dual tracking.</b><br>Extends the time for a foreclosure from 30 days to 60 days when a loss mitigation application is filed and the servicer determines the mortgage is not eligible, the mortgagor fails to accept a loss mitigation offer, or the mortgagor declines a loss mitigation offer. |



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