

2007 DRAFTING REQUEST

Bill

Received: **04/30/2007**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Jon Richards (608) 266-0650**

By/Representing: **Jeff Kostelic**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters: **rnelson2**

Subject: **Real Estate - miscellaneous
Courts - civil procedure**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Richards@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Mortgaged property equity stripping

Instructions:

See Attached

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|-----------------------|----------------------|------------------------|----------------|-----------------------|-----------------|-----------------|
| /? | pkahler 06/07/2007 | bkraft 06/22/2007 | | _____ | | | State Crime |
| /P1 | | | rschluet 06/25/2007 | _____ | mbarman 06/25/2007 | | State Crime |
| /P2 | pkahler 08/23/2007 | bkraft 08/29/2007 | nmatzke 08/29/2007 | _____ | cduerst 08/29/2007 | | State Crime |
| /P3 | pkahler | bkraft | rschluet | _____ | lparisi | | State |

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| /1 | pkahler 09/27/2007 | bkraft 09/27/2007 | nnatzke 09/27/2007 | _____ | mbarman 09/27/2007 | sbasford 10/11/2007 | |

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intro*

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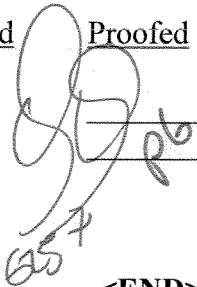
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Rep Richards
by Jeff Kostelic

draft a bill that is the same as Minnesota's
equity stripping statute

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Minnesota's Equity-Stripping Statute**Fredrikson & Byron, P.A.**

Published June 3, 2005 - Minnesota, USA

Minnesota's Equity-Stripping Statute

Countless books, articles, and even television infomercials offer advice on investing in distressed real estate. Many claim that residential properties in foreclosure present some of the best investment opportunities among all types of distressed real estate. Owners of residential property in foreclosure often have equity in their homes, yet for one reason or another are unable to save or protect that equity. Investors attempt to capture the equity and prevent it from flowing back to the owner's lender.

In the typical transaction, an investor in a residential property purchases the owner's interest for a fraction of the value of the owner's equity in the home, pays off the owner's debt against the property, and then sells the home to a third party for a handsome gain. This transaction is often a win-win situation for all if the homeowner no longer wishes to live at the property.

This type of transaction is not mutually advantageous, however, if the homeowner wishes to remain in possession. Unscrupulous investors have developed schemes designed to prey on homeowners facing financial trouble. These schemes, commonly known as "equity stripping," aim to convince owners that their homes can be saved, while in reality the home, as well as the owner's equity, will be lost to the investor. In a new law, effective August 1, 2004, the Minnesota Legislature took significant steps to prevent vulnerable owners from becoming victims of such schemes. That legislation contains a series of complex requirements applicable to nearly all transactions involving residential properties in foreclosure.

The new statute applies to transactions that qualify as "foreclosure reconveyances" under Minn. Stat. § 325N.10, subd. 3.

A transaction must contain both of the following components to constitute a "foreclosure reconveyance": a transfer of title or creation of a lien by a foreclosed homeowner during a foreclosure proceeding; and a subsequent conveyance, or promise of a subsequent conveyance (including an interest in a contract for deed, purchase agreement, option to purchase, or lease), by the purchaser back to the foreclosed homeowner that allows the foreclosed homeowner to possess the real property following completion of the foreclosure proceeding.

Under this two-part test, an investor that purchases a home in foreclosure and does not provide the foreclosed homeowner any continuing rights in the home, whether under a lease or otherwise, will avoid the constraints imposed under Chapter 325N.

If the transaction is a "foreclosure reconveyance," Minn. Stat. § 325N.11 requires that all of the details of the transaction be contained in a written contract signed by the foreclosed homeowner and the purchaser. Minn. Stat. § 325N.12 identifies a list of terms that this written contract must contain, including a recitation of the total amount of consideration to be provided to the foreclosed homeowner and a notice to the foreclosed homeowner that it has five business days to cancel the contract. The statute also requires that a form "Notice of Cancellation" be attached to the foreclosure reconveyance contract. Chapter 325N also creates other substantive requirements that must be satisfied in any transaction that qualifies as a foreclosure reconveyance. For example, before entering into the contract, the purchaser must verify that the foreclosed homeowner has a reasonable ability to pay for the subsequent reconveyance. This will be presumed if: (1) monthly payments for housing expenses (which include principal, interest, rent, utilities, insurance, taxes, and association dues) and (2) monthly principal and interest payments on other personal debt of the homeowner, do not exceed sixty percent of the homeowner's monthly gross income. The purchaser may not rely solely upon a statement of assets, liabilities, and income furnished by the

foreclosed homeowner, but instead must conduct independent due diligence.

Finally, if the property is ultimately not conveyed back to the foreclosed homeowner, Minn. Stat. § 325N.17(b)(2) requires the purchaser to pay the foreclosed homeowner, no later than 150 days following the owner's relinquishment of possession of the property, consideration in an amount that is at least eighty-two percent of the fair market value of the property (as determined by a licensed appraiser). This "consideration" includes payments made by the purchaser to satisfy debt or other legal obligations of the foreclosed homeowner. Thus, the statute essentially caps at eighteen percent the amount of equity an investor may "strip" from a residential property in a foreclosure reconveyance transaction.

The new equity-stripping statute also creates a private right of action in favor of the foreclosed homeowner for any violation of its provisions. The foreclosed homeowner may recover exemplary damages and attorneys' fees incurred in prosecuting an action in the event of a violation of the statute by a purchaser. Additionally, a foreclosure purchaser may be prosecuted criminally for certain violations.

Minnesota's new equity-stripping statute creates a regulatory framework that must not be ignored in any transaction involving residential property in foreclosure. While this statute creates additional protections for foreclosed homeowners, it also creates numerous pitfalls for investors in distressed real estate. The intricacies of the legislation, codified in Chapter 325N of the Minnesota Statutes, are beyond the scope of this article. If you are involved in a transaction involving residential property in foreclosure, you should work through the intricacies of this legislation with your attorney.

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1 **MINNESOTA "EQUITY STRIPPING" LAW**

2 (1) 325N.10 DEFINITIONS

3 Subdivision 1. Scope.

4 For the purposes of sections 325N.10 to 325N.18, the terms defined in this
5 section have the meanings given them.

6 Subd. 2. Foreclosed homeowner.

7 "Foreclosed homeowner" means an owner of residential real property, including
8 a condominium, that is the primary residence of the owner and whose mortgage on
9 the real property is or was in foreclosure.

10 Subd. 3. Foreclosure reconveyance.

11 "Foreclosure reconveyance" means a transaction involving:

12 (1) the transfer of title to real property by a foreclosed homeowner during a
13 foreclosure proceeding, either by transfer of interest from the foreclosed homeowner
14 or by creation of a mortgage or other lien or encumbrance during the foreclosure
15 process that allows the acquirer to obtain title to the property by redeeming the
16 property as a junior lienholder; and

17 (2) the subsequent conveyance, or promise of a subsequent conveyance, of an
18 interest back to the foreclosed homeowner by the acquirer or a person acting in
19 participation with the acquirer that allows the foreclosed homeowner to possess the
20 real property following the completion of the foreclosure proceeding, which interest
21 includes, but is not limited to, an interest in a contract for deed, purchase agreement,
22 option to purchase, or lease.

23 Subd. 4. Foreclosure purchaser.

24 "Foreclosure purchaser" means a person that has acted as the acquirer in more
25 than one foreclosure reconveyance during any 24-month period. Foreclosure

1 purchaser also includes a person that has acted in joint venture or joint enterprise
2 with one or more acquirers in more than one foreclosure reconveyance during any
3 24-month period. A federal or state chartered bank, savings bank, thrift, or credit
4 union is not a foreclosure purchaser.

5 Subd. 5. Resale.

6 "Resale" means a bona fide market sale of the property subject to the foreclosure
7 reconveyance by the foreclosure purchaser to an unaffiliated third party.

8 Subd. 6. Resale price.

9 "Resale price" means the gross sale price of the property on resale.

10 (2) 325N.11 CONTRACT REQUIREMENT; FORM AND LANGUAGE

11 A foreclosure purchaser shall enter into every foreclosure reconveyance in the
12 form of a written contract. Every contract must be written in letters of a size equal
13 to at least 12-point boldface type, in the same language principally used by the
14 foreclosure purchaser and foreclosed homeowner to negotiate the sale of the
15 residence in foreclosure and must be fully completed and signed and dated by the
16 foreclosed homeowner and foreclosure purchaser before the execution of any
17 instrument of conveyance of the residence in foreclosure.

18 (3) 325N.12 CONTRACT TERMS

19 Every contract required by section 325N.11 must contain the entire agreement
20 of the parties and must include the following terms:

21 (1) the name, business address, and the telephone number of the foreclosure
22 purchaser;

23 (2) the address of the residence in foreclosure;

24 (3) the total consideration to be given by the foreclosure purchaser in connection
25 with or incident to the sale;

1 (4) a complete description of the terms of payment or other consideration
2 including, but not limited to, any services of any nature that the foreclosure
3 purchaser represents he or she will perform for the foreclosed homeowner before or
4 after the sale;

5 (5) the time at which possession is to be transferred to the foreclosure
6 purchaser;

7 (6) a complete description of the terms of any related agreement designed to
8 allow the foreclosed homeowner to remain in the home, such as a rental agreement,
9 repurchase agreement, ^{→ *land*} ~~contract for deed~~, or lease with option to buy;

10 (7) a notice of cancellation as provided in section 325N.14, paragraph (b); and

11 (8) the following notice in at least 14-point boldface type, if the contract is
12 printed or in capital letters if the contract is typed, and completed with the name of
13 the foreclosure purchaser, immediately above the statement required by section
14 325N.14, paragraph (a):

15 "NOTICE REQUIRED BY MINNESOTA LAW

16 Until your right to cancel this contract has ended, (Name) or anyone
17 working for (Name) CANNOT ask you to sign or have you sign any deed or any
18 other document."

19 The contract required by this section survives delivery of any instrument of
20 conveyance of the residence in foreclosure, and has no effect on persons other than
21 the parties to the contract.

22 (4) 325N.13 CONTRACT CANCELLATION

23 (a) In addition to any other right of rescission, the foreclosed homeowner has
24 the right to cancel any contract with a foreclosure purchaser until midnight of the
25 fifth business day following the day on which the foreclosed homeowner signs a

1 contract that complies with sections 325N.10 to 325N.15 or until 8:00 a.m. on the last
2 day of the period during which the foreclosed homeowner has a right of redemption,
3 whichever occurs first.

4 (b) Cancellation occurs when the foreclosed homeowner delivers, by any means,
5 written notice of cancellation to the address specified in the contract.

6 (c) A notice of cancellation given by the foreclosed homeowner need not take the
7 particular form as provided with the contract.

8 (d) Within ten days following receipt of a notice of cancellation given in
9 accordance with this section, the foreclosure purchaser shall return without
10 condition any original contract and any other documents signed by the foreclosed
11 homeowner.

12 (5) 325N.14 NOTICE OF CANCELLATION

13 (a) The contract must contain in immediate proximity to the space reserved for
14 the foreclosed homeowner's signature a conspicuous statement in a size equal to at
15 least 14-point boldface type, if the contract is printed, or in capital letters, if the
16 contract is typed, as follows: "You may cancel this contract for the sale of your house
17 without any penalty or obligation at any time before

18 (Date and time of day)

19 See the attached notice of cancellation form for an explanation of this right."
20 The foreclosure purchaser shall accurately enter the date and time of day on which
21 the cancellation right ends.

22 (b) The contract must be accompanied by a completed form in duplicate,
23 captioned "notice of cancellation" in a size equal to a 12-point boldface type if the
24 contract is printed, or in capital letters, if the contract is typed, followed by a space
25 in which the foreclosure purchaser shall enter the date on which the foreclosed

1 homeowner executes any contract. This form must be attached to the contract, must
2 be easily detachable, and must contain in type of at least 10 points, if the contract
3 is printed or in capital letters if the contract is typed, the following statement written
4 in the same language as used in the contract:

5 "NOTICE OF CANCELLATION

6 (Enter date contract signed)

7 You may cancel this contract for the sale of your house, without any penalty or
8 obligation, at any time before

9 (Enter date and time of day)

10 To cancel this transaction, personally deliver a signed and dated copy of this
11 cancellation notice to

12 (Name of purchaser)

13 at

14 (Street address of purchaser's place of business)

15 NOT LATER THAN

16 (Enter date and time of day)

17 I hereby cancel this transaction

18 (Date)

19 (Seller's signature)"

20 (c) The foreclosure purchaser shall provide the foreclosed homeowner with a
21 copy of the contract and the attached notice of cancellation at the time the contract
22 is executed by all parties.

23 (d) The five business days during which the foreclosed homeowner may cancel
24 the contract must not begin to run until all parties to the contract have executed the
25 contract and the foreclosure purchaser has complied with this section.

1 (6) 325N.15 WAIVER

2 Any waiver of the provisions of sections 325N.10 to 325N.18 is void and
3 unenforceable as contrary to public policy except a consumer may waive the five-day
4 right to cancel provided in section 325N.13 if the property is subject to a foreclosure
5 sale within the five business days, and the foreclosed homeowner agrees to waive his
6 or her right to cancel in a handwritten statement signed by all parties holding title
7 to the foreclosed property.

8 (7) 325N.16 LIABILITY

9 (a) Any provision in a contract which attempts or purports to require
10 arbitration of any dispute arising under sections 325N.10 to 325N.18 is void at the
11 option of the owner.

12 (b) This section applies to any contract entered into on or after August 1, 2004.

13 (8) 325N.17 PROHIBITED PRACTICES

14 A foreclosure purchaser shall not:

15 (a) enter into, or attempt to enter into, a foreclosure reconveyance with a
16 foreclosed homeowner unless:

17 (1) the foreclosure purchaser verifies and can demonstrate that the foreclosed
18 homeowner has a reasonable ability to pay for the subsequent conveyance of an
19 interest back to the foreclosed homeowner. In the case of a lease with an option to
20 purchase, payment ability also includes the reasonable ability to make the lease
21 payments and purchase the property within the term of the option to purchase. There
22 is a rebuttable presumption that a homeowner is reasonably able to pay for the
23 subsequent conveyance if the owner's payments for primary housing expenses and
24 regular principal and interest payments on other personal debt, on a monthly basis,
25 do not exceed 60 percent of the owner's monthly gross income. For the purposes of

1 this section, "primary housing expenses" means the sum of payments for regular
2 principal, interest, rent, utilities, hazard insurance, real estate taxes, and
3 association dues. There is a rebuttable presumption that the foreclosure purchaser
4 has not verified reasonable payment ability if the foreclosure purchaser has not
5 obtained documents other than a statement by the foreclosed homeowner of assets,
6 liabilities, and income;

7 (2) the foreclosure purchaser and the foreclosed homeowner complete a closing
8 for any foreclosure reconveyance in which the foreclosure purchaser obtains a deed
9 or mortgage from a foreclosed homeowner. For purposes of this section, "closing"
10 means an in-person meeting to complete final documents incident to the sale of the
11 real property or creation of a mortgage on the real property conducted by a closing
12 agent, as defined in section 82.17, who is not employed by or an affiliate of the
13 foreclosure purchaser;

14 (3) the foreclosure purchaser obtains the written consent of the foreclosed
15 homeowner to a grant by the foreclosure purchaser of any interest in the property
16 during such times as the foreclosed homeowner maintains any interest in the
17 property; and

18 (4) the foreclosure purchaser complies with the requirements of the federal
19 Home Ownership Equity Protection Act, United States Code, title 15, section 1639,
20 or its implementing regulation, Code of Federal Regulations, title 12, sections 226.31
21 to 226.34, for any foreclosure reconveyance in which the foreclosed homeowner
22 obtains a vendee interest in a contract for deed;

23 (b) fail to either:

24 (1) ensure that title to the subject dwelling has been reconveyed to the
25 foreclosed homeowner; or

1 (2) make a payment to the foreclosed homeowner such that the foreclosed
2 homeowner has received consideration in an amount of at least 82 percent of the fair
3 market value of the property within 150 days of either the eviction or voluntary
4 relinquishment of possession of the dwelling by the foreclosed homeowner. The
5 foreclosure purchaser shall make a detailed accounting of the basis for the payment
6 amount, or a detailed accounting of the reasons for failure to make a payment,
7 including providing written documentation of expenses, within this 150-day period.
8 The accounting shall be on a form prescribed by the attorney general, in consultation
9 with the commissioner of commerce, without being subject to the rulemaking
10 procedures of chapter 14. For purposes of this provision, the following applies:

11 (i) there is a rebuttable presumption that an appraisal by a person licensed or
12 certified by an agency of the federal government or this state to appraise real estate
13 constitutes the fair market value of the property;

14 (ii) the time for determining the fair market value amount shall be determined
15 in the foreclosure reconveyance contract as either at the time of the execution of the
16 foreclosure reconveyance contract or at resale. If the contract states that the fair
17 market value shall be determined at the time of resale, the fair market value shall
18 be the resale price if it is sold within 120 days of the eviction or voluntary
19 relinquishment of the property by the foreclosed homeowner. If the contract states
20 that the fair market value shall be determined at the time of resale, and the resale
21 is not completed within 120 days of the eviction or voluntary relinquishment of the
22 property by the foreclosed homeowner, the fair market value shall be determined by
23 an appraisal conducted during this 120-day period and payment, if required, shall
24 be made to the homeowner, but the fair market value shall be recalculated as the
25 resale price on resale and an additional payment amount, if appropriate based on the

1 resale price, shall be made to the foreclosed homeowner within 15 days of resale, and
2 a detailed accounting of the basis for the payment amount, or a detailed accounting
3 of the reasons for failure to make additional payment, shall be made within 15 days
4 of resale, including providing written documentation of expenses. The accounting
5 shall be on a form prescribed by the attorney general, in consultation with the
6 commissioner of commerce, without being subject to the rulemaking procedures of
7 chapter 14;

8 (iii) "consideration" shall mean any payment or thing of value provided to the
9 foreclosed homeowner, including unpaid rent or contract for deed payments owed by
10 the foreclosed homeowner prior to the date of eviction or voluntary relinquishment
11 of the property, reasonable costs paid to third parties necessary to complete the
12 foreclosure reconveyance transaction, payment of money to satisfy a debt or legal
13 obligation of the foreclosed homeowner, or the reasonable cost of repairs for damage
14 to the dwelling caused by the foreclosed homeowner; but

15 (iv) "consideration" shall not include amounts imputed as a down payment or
16 fee to the foreclosure purchaser, or a person acting in participation with the
17 foreclosure purchaser, incident to a contract for deed, lease, or option to purchase
18 entered into as part of the foreclosure reconveyance, except for reasonable costs paid
19 to third parties necessary to complete the foreclosure reconveyance;

20 (c) enter into repurchase or lease terms as part of the subsequent conveyance
21 that are unfair or commercially unreasonable, or engage in any other unfair conduct;

22 (d) represent, directly or indirectly, that:

23 (1) the foreclosure purchaser is acting as an advisor or a consultant, or in any
24 other manner represents that the foreclosure purchaser is acting on behalf of the
25 homeowner;

1 (2) the foreclosure purchaser has certification or licensure that the foreclosure
2 purchaser does not have, or that the foreclosure purchaser is not a member of a
3 licensed profession if that is untrue;

4 (3) the foreclosure purchaser is assisting the foreclosed homeowner to "save the
5 house" or substantially similar phrase; or

6 (4) the foreclosure purchaser is assisting the foreclosed homeowner in
7 preventing a completed foreclosure if the result of the transaction is that the
8 foreclosed homeowner will not complete a redemption of the property;

9 (e) make any other statements, directly or by implication, or engage in any other
10 conduct that is false, deceptive, or misleading, or that has the likelihood to cause
11 confusion or misunderstanding, including, but not limited to, statements regarding
12 the value of the residence in foreclosure, the amount of proceeds the foreclosed
13 homeowner will receive after a foreclosure sale, any contract term, or the foreclosed
14 homeowner's rights or obligations incident to or arising out of the foreclosure
15 reconveyance; or

16 (f) do any of the following until the time during which the foreclosed homeowner
17 may cancel the transaction has fully elapsed:

18 (1) accept from any foreclosed homeowner an execution of, or induce any
19 foreclosed homeowner to execute, any instrument of conveyance of any interest in the
20 residence in foreclosure;

21 (2) record with the county recorder or file with the registrar of titles any
22 document, including but not limited to, any instrument of conveyance, signed by the
23 foreclosed homeowner;

24 (3) transfer or encumber or purport to transfer or encumber any interest in the
25 residence in foreclosure to any third party, provided no grant of any interest or

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1 encumbrance is defeated or affected as against a bona fide purchaser or
2 encumbrance for value and without notice of a violation of sections 325N.10 to
3 325N.18, and knowledge on the part of any such person or entity that the property
4 was "residential real property in foreclosure" does not constitute notice of a violation
5 of sections 325N.10 to 325N.18. This section does not abrogate any duty of inquiry
6 which exists as to rights or interests of persons in possession of the residential real
7 property in foreclosure; or

8 (4) pay the foreclosed homeowner any consideration.

9 (9) 325N.18 ENFORCEMENT

10 Subdivision 1. Remedies.

11 A violation of sections 325N.10 to 325N.17 is considered to be a violation of
12 section 325F.69, and all the remedies of section 8.31 are available for such an action.

13 A private right of action under section 8.31 by a foreclosed homeowner is in the public
14 interest.

15 Subd. 1a. Limitation.

16 Notwithstanding any other provision of this section, ^{*court*} no action may be brought
17 on the basis of a violation of sections 325N.10 to 325N.18, except by an owner against
18 whom the violation was committed or by the attorney general. This limitation does
19 not apply to administrative action by the commissioner of commerce.

20 Subd. 2. Exemplary damages.

21 In a private right of action under section 8.31 for a violation of section 325N.17,
22 the court may award exemplary damages of any amount. In the event the court
23 ^{*5*} determines that an award of exemplary damages is appropriate, ^{*IF*} the amount of
24 exemplary damages awarded shall not be less than 1-1/2 times the foreclosed
25 homeowner's actual damages. Any claim for exemplary damages ^{*action*} brought pursuant

under subdivision shall

1 to this section must be commenced within four years after the date of the alleged
2 violation. *or be barred*

3 Subd. 3. Remedies cumulative.

Good Faith purchaser's rights.

4 The remedies provided in this section are cumulative and do not restrict any
5 remedy that is otherwise available. The provisions of sections 325N.10 to 325N.18
6 are not exclusive and are in addition to any other requirements, rights, remedies,
7 and penalties provided by law. No action under this section shall affect the rights in
8 the foreclosed property held by a good faith purchaser for value under sections
9 507.34, 508.48, 508A.48, or other applicable law.

10 Subd. 4. Criminal penalty.

11 Any foreclosure purchaser who engages in any practice which would operate as
12 a fraud or deceit upon a foreclosed homeowner may, upon conviction, be fined not
13 more than \$50,000 or imprisoned not more than one year, or both. Prosecution or
14 conviction for any one of the violations does not bar prosecution or conviction for any
15 other offenses.

See D-man. p 127(4)(c)

16 Subd. 5. Failure of transaction.

17 Failure of the parties to complete the reconveyance transaction, in the absence
18 of additional misconduct, shall not subject a foreclosure purchaser to the criminal
19 penalties under section 325N.07 or 325N.18.

2. Record or file with the registrar of deeds any document, including any instrument of conveyance, signed by the foreclosed homeowner.

3. Transfer or encumber or purport to transfer or encumber any interest in the residence in foreclosure to any 3rd party, provided no grant of any interest or encumbrance is defeated or affected as against a bona fide purchaser or encumbrance for value and without notice of a violation of this section, and knowledge on the part of any such person or entity that the property was residential real property in foreclosure does not constitute notice of a violation of this section. This subsection does not abrogate any duty of inquiry that exists as to rights or interests of persons in possession of the residential real property in foreclosure.

4. Pay the foreclosed homeowner any consideration.

325N.18 ENFORCEMENT

Subdivision 1. Remedies.

A violation of sections 325N.10 to 325N.17 is considered to be a violation of section 325F.69, and all the remedies of section 8.31 are available for such an action.

A private right of action under section 8.31 by a foreclosed homeowner is in the public interest.

Subd. 1a. Limitation.

Notwithstanding any other provision of this section, no action may be brought on the basis of a violation of sections 325N.10 to 325N.18, except by an owner against whom the violation was committed or by the attorney general. This limitation does not apply to administrative action by the commissioner of commerce.

Subd. 2. Exemplary damages.

In a private right of action under section 8.31 for a violation of section 325N.17, the court may award exemplary damages of any amount. In the event the court

unlawful practices in sales of merchandise (consumer fraud)

→?

owner who is a actor / traders

under 895.043

1 determines that an award of exemplary damages is appropriate, the amount of
 2 exemplary damages awarded shall not be less than 1-1/2 times the foreclosed
 3 homeowner's actual damages. Any claim for exemplary damages brought pursuant
 4 to this section must be commenced within four years after the date of the alleged
 5 violation.

6 Subd. 3. Remedies cumulative.

7 The remedies provided in this section are cumulative and do not restrict any
 8 remedy that is otherwise available. The provisions of sections 325N.10 to 325N.18
 9 are not exclusive and are in addition to any other requirements, rights, remedies,
 10 and penalties provided by law. No action under this section shall affect the rights in
 11 the foreclosed property held by a good faith purchaser for value under sections
 12 507.34, 508.48, 508A.48, or other applicable law.

*these are just
about recording docs*

13 Subd. 4. Criminal penalty.

14 Any foreclosure purchaser who engages in any practice which would operate as
 15 a fraud or deceit upon a foreclosed homeowner may, upon conviction, be fined not
 16 more than \$50,000 or imprisoned not more than one year, or both. Prosecution or
 17 conviction for any one of the violations does not bar prosecution or conviction for any
 18 other offenses.

19 Subd. 5. Failure of transaction.

20 Failure of the parties to complete the reconveyance transaction, in the absence
 21 of additional misconduct, shall not subject a foreclosure purchaser to the criminal
 22 penalties under section 325N.07 or 325N.18.

23 (END)