

# House Research Act Summary

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**TOPIC:** Mortgage Release Certificates; Common Interest Ownership

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**Analyst:** Deborah K. McKnight, 651-296-5056

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## Overview

The act changes provisions on mortgage release certificates prepared by title insurance companies and amends a law on common interest ownership communities.

- 1 **Definitions.** Defines "assignment of rents and profits" to mean assigning any of the benefits under a lease or tenancy on mortgaged property to serve as additional security for the mortgage. Amends the definition of "mortgage" to include an assignment of rents and profits. Raises from \$500,000 to \$1,500,000 the maximum size mortgage covered by this section. Defines "partial release" to mean the release of certain parcels of land from a mortgage. Adds a new possible meaning for "payoff statement:" the part of the unpaid loan balance secured by the mortgage that is required to be paid in order to get a partial release.
- 2 **Contents.** Amends the subdivision on contents of a mortgage release certificate. If applicable, the certificate must cover the date of assignment of rents and profits; date it was recorded; its volume and page or document number where filed; similar information for the last recorded assignment; and a legal description of land released from a mortgage if only a portion of the land is being released.
- 3 **Recording.** Adds a reference to release of assignments and profits in the subdivision on recording certificates of mortgage release.
- 4 **Application.** Changes size of covered mortgages in the statute from \$500,000 to \$1,500,000.
- 5 **Resale of units.** Revises the resale disclosure certificate form that is used regarding the sale of certain of units in a common interest community.
- 6 **Satisfaction, release, and assignment.** Provides for when an assignment of rents and profits expires. States that an assignment of a mortgage is sufficient to assign rents and profits that secure the mortgage, without a separate assignment of the rents and profits.

7 **Application.** Sections 1 to 4 and 6 apply to mortgages and assignments of rents and profits whenever executed, except those fully adjudicated or those being litigated on the effective date of the act (August 1, 2000)..