

February 21, 2024

Members of the Senate Housing and Homelessness Prevention Committee:

Thank you for the opportunity to submit written testimony on Sen. Mohamed's SF 3489, modifying requirements for contract for deeds between investor sellers and purchasers of residential property, among other provisions.

Minnesota Realtors® (MNR) was founded in 1919 and is a business trade association with a membership of over 21,000 real estate professionals statewide active in all aspects of the real estate transaction.

MNR would like to thank Mr. Ron Elwood, Legal Aid, for the conversations we have had regarding many of the provisions in SF 3489 over the past few months. These discussions have been productive, and we look forward to continuing this dialogue as the bill progresses.

MNR supports key outcomes this legislation is trying to achieve:

- Our members work with both buyers and sellers of real property and believe strongly that all transactions, including those using contract for deed financing, must treat buyers and sellers fairly
- Having clear disclosures, so buyers and sellers have a shared understanding of the responsibilities of both parties, is critical to a successful transaction

Our members also believe that contract for deed financing is a valuable tool for helping more buyers achieve homeownership and we do not want to see that tool disappear or become so onerous for sellers that it is no longer viable.

One provision in the bill MNR believes requires more discussion is the duty of an investor seller to refund down payments, found in sec. 15, subd. 5. This provision states, "If an investor cancels a contract for deed within 48 months of executing the contract, any portion of the down payment that exceeded ten percent of the purchase price shall be refunded to the purchaser within 180 days of the cancellation of the contract."

This provision does not contain any guardrails or exceptions. For example, if the purchaser significantly damages a property, we believe the cost of mitigating that damage should be deducted from the refunded amount. We discussed this provision with Mr. Elwood on Monday and are committed to trying to identify language that would address this concern and be acceptable to the bill's author and the proponents of the bill.

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Thank you again for the opportunity to provide comments on SF 3489.

Sincerely,

A handwritten signature in black ink that reads "Paul Eger". The signature is written in a cursive, flowing style.

Paul Eger
Senior Vice President, Governmental Affairs
Minnesota Realtors®