

## Manufactured Home Repossession

If a borrower falls behind on a loan secured by land, the land will through the process of foreclosure. Manufactured homes, on the other hand, go through the process of repossession.<sup>1</sup> Repossession happens much more quickly than foreclosure.

This fact sheet explains manufactured home repossession in Minnesota for borrowers who own their manufactured home but rent the land that it sits on. If a homeowner owns their land, different processes might apply.

### 1. Default

The owner of a loan (“the lender”) must notify the borrower and the residents when there is a default. This notice can be delivered to the home in person, or sent by first class mail.

### 2. Right to Cure within 30 Days

The borrower then has 30 days to cure the default, meaning he or she must pay the full past-due amount on the loan plus the lender’s reasonable costs up to \$100.<sup>2</sup> There might be additional requirements to cure the default specified in the loan documents. If the borrower does not cure the default, the lender can ask the court for an order allowing it to take possession of the home.

### 3. Right to Reinstate within 30 Days

If the borrower does not cure the default, the lender must send the borrower a notice of the fact that it is repossessing the home, and inform the borrower about his or her right to “reinstate” the loan. The borrower has 30 days to reinstate the loan by paying the past-due amount, plus additional costs and attorney fees.<sup>3</sup>

### 4. Court Action For Repossession

A court process is required before the lender can repossess the home. The lender must serve the borrower with court papers to notify him or her of the repossession, and the borrower will have a chance to appear in court for a hearing. However, the court will sometimes allow the lender to repossess the home before the borrower is notified or has a chance to appear at the hearing. In those cases, the hearing will happen after the repossession.

<sup>1</sup> Manufactured home repossession is governed by sections 327.61 through 327.67 of the Minnesota statutes, as well as the Uniform Commercial Code. Minn. Stat. § 327.63 Subd 1; Chapter 336.

<sup>2</sup> *Id.* at § 327.66.

<sup>3</sup> *Id.* at § 327.665 Subd. 1



## 5. Getting More Time

If the borrower originally fell behind on the loan because of unexpected circumstances that were outside his or her control, the court can allow the borrower more time in the home. The borrower can ask the court to delay the repossession for up to six months. This is called a “stay.” In order to qualify for a stay, the borrower must provide insurance for the home and make payments in the amount set by the court.

## 6. After Repossession:

If the court allows the lender to repossess the home, then the lender can sell the home. If the proceeds do not cover the full amount of the debt, the borrower can be liable for the difference, called a “deficiency”. The lender can ask the court for a judgment for the amount of the deficiency. If the court grants the deficiency judgment, the lender can attempt to collect the debt from the borrower. If you are served with a lawsuit, you should talk with an attorney right away. If you wait too long, you could lose in court without ever having the chance to defend yourself.

*Note: This document provides general information and is not intended as legal advice. Consult a competent legal professional for advice specific to your situation.*

For additional information about repossession contact a Homeownership Advisor in your area by contacting the Minnesota Homeownership Center today: 651-659-9336 or 866-462-6466 or [www.hocmn.org](http://www.hocmn.org).