

SENATE BILL NO. 2232

Introduced by

Senators Holmberg, Traynor, Triplett

Representative Kretschmar

1 A BILL for an Act to create and enact section 32-19-06.2 of the North Dakota Century Code,
2 relating to deficiency judgments on agricultural land; to amend and reenact sections 32-19-01,
3 32-19-03, 32-19-04, 32-19-06, 32-19-06.1, 32-19-07, 32-19-08, 32-19-09, 32-19-10, 32-19-11,
4 32-19-18, 32-19-20, 32-19-21, 32-19-22, 32-19-23, 32-19-24, 32-19-25, 32-19-26, 32-19-28,
5 32-19-29, 32-19-37, 32-19-38, 32-19-39, 32-19-40, and 32-19-41 of the North Dakota Century
6 Code, relating to foreclosure of a mortgage; and to repeal sections 32-19-05, 32-19-12,
7 32-19-13, 32-19-14, 32-19-15, 32-19-16, 32-19-17, 32-19-30, 32-19-31, 32-19-32, 32-19-33,
8 and 32-19-34 of the North Dakota Century Code, relating to foreclosure of a mortgage.

9 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

10 **SECTION 1. AMENDMENT.** Section 32-19-01 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **32-19-01. Action to foreclose mortgage on real estate authorized.** ~~An~~ The plaintiff
13 shall bring an action ~~may be brought in the district court for the foreclosure or satisfaction of a~~
14 ~~mortgage upon real property in accordance with the provisions of this chapter.~~

15 **SECTION 2. AMENDMENT.** Section 32-19-03 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **32-19-03. Who subject to deficiency judgment.** ~~If the mortgage debt is secured by~~
18 ~~the obligation, or other evidence of debt, of any person other than the mortgagor, the plaintiff~~
19 ~~may make such other person a party to the action and the court may render judgment for the~~
20 ~~balance of the debt remaining unsatisfied after a sale of the mortgaged premises as against~~
21 ~~such other person and may enforce such judgment as in other cases by execution or other~~
22 ~~process. Nothing elsewhere contained in this chapter shall be construed to postpone or affect~~
23 ~~any remedies the creditor may have against any person personally liable for the debt, other~~
24 ~~than the mortgagor or purchaser and the successors in interest of either.~~ The plaintiff may not

1 obtain a deficiency judgment in a foreclosure of residential property with four or fewer units of
2 up to forty contiguous acres [16.19 hectares] containing a residence occupied by the owner as
3 a homestead. The plaintiff may obtain a deficiency judgment on agricultural land of more than
4 forty acres [16.19 hectares] but solely for the difference between the amount of the debt and the
5 fair value of the land at the time of commencement of the action. The plaintiff may obtain a
6 deficiency judgment in all other cases for the difference between the appraised value, as
7 determined by a licensed appraiser appointed by the court at the request of the plaintiff, and the
8 amount determined due. The cost of the appraisal is an allowable cost in the foreclosure
9 action.

10 **SECTION 3. AMENDMENT.** Section 32-19-04 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **32-19-04. What complaint shall state.** In an action for the foreclosure ~~or satisfaction~~
13 of a mortgage, the complaint ~~shall~~ must state ~~whether any proceedings have been had at law~~
14 ~~or otherwise for the recovery of the debt secured by such mortgage, or any part thereof, and if~~
15 ~~there have been, whether any and what part thereof has been collected. The plaintiff shall also~~
16 ~~state in the complaint whether the plaintiff will in a later and separate action demand judgment~~
17 ~~for any~~ sufficient allegations to identify the mortgage being foreclosed, to establish the
18 applicable redemption period, and to determine whether a deficiency which may remain due to
19 ~~the plaintiff after sale of the mortgaged premises against every party who is personally liable for~~
20 ~~the debt secured by the mortgage judgment will be sought and against which parties.~~

21 **SECTION 4. AMENDMENT.** Section 32-19-06 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **32-19-06. What judgment must contain** ~~–Deficiency judgments and other suits~~
24 ~~prohibited in excess of amount by which debt exceeds fair value of mortgaged premises~~
25 ~~–Determination of fair value of mortgaged real property.~~ In any action for the foreclosure of
26 a real estate mortgage ~~or the cancellation or the foreclosure of a land contract,~~ the court may
27 shall render judgment for the amount found to be due ~~at the time of the rendition of the~~
28 ~~judgment,~~ and the costs of the action, and may shall order ~~and decree~~ a sale of the premises
29 ~~described in the mortgage or contract or that part thereof as may be sufficient to pay the~~
30 ~~amount adjudged to be due and the costs of the action.~~ The court may order ~~and compel~~
31 delivery of the possession of the premises to the purchaser ~~at the sale, but in no case may the~~

1 ~~possession of the premises sold be delivered until~~ after the expiration of the ~~one-year~~
2 redemption period unless otherwise ~~allowed~~ ordered by the court pursuant to section 32-19-19.
3 ~~The court shall direct, and the judgment must provide;~~ that during the redemption period the
4 debtor or owner of the premises is entitled to the possession, rents, use, and benefit of the real
5 property sold except as provided by section 32-19-19. ~~The court may not render a deficiency~~
6 ~~judgment for any sum whatever against the mortgagor or purchaser, or the successor in interest~~
7 ~~of either, except as hereinafter provided. Where a note or other obligation and a mortgage~~
8 ~~upon real property have been given to secure a debt contracted after July 1, 1951, and the sale~~
9 ~~of the mortgaged premises has failed to satisfy in full the sum adjudged to be due and the costs~~
10 ~~of the action, the plaintiff may, in a separate action, ask for a deficiency judgment, if the plaintiff~~
11 ~~has so indicated in the complaint, against the party or parties personally liable for that part of~~
12 ~~the debt and costs of the action remaining unsatisfied after the sale of the mortgaged premises.~~
13 ~~The separate action for a deficiency judgment must be brought within ninety days after the sale~~
14 ~~of the mortgaged premises. The court, in the separate action, may render a deficiency~~
15 ~~judgment against the party or parties personally liable, but the deficiency judgment may not be~~
16 ~~in excess of the amount by which the sum adjudged to be due and the costs of the action~~
17 ~~exceed the fair value of the mortgaged premises. In case the mortgaged premises sell for less~~
18 ~~than the amount due and to become due on the mortgaged debt and costs of sale, there is no~~
19 ~~presumption that the premises sold for their fair value. In all actions brought for a deficiency~~
20 ~~judgment and before any judgment can be rendered therein, the determination of the fair value~~
21 ~~of the mortgaged premises must first be submitted to a jury at a regular term or to a jury~~
22 ~~impaneled for that purpose, and no deficiency judgment may be rendered against the party or~~
23 ~~parties personally liable unless the fair value of the mortgaged premises is determined by the~~
24 ~~jury to be less than the sum adjudged to be due and the costs of the action. Fifteen days'~~
25 ~~notice of the time and place when or where the fair value of the mortgaged premises is to be~~
26 ~~determined must, in all cases, be given, as the court may direct, to the party or parties against~~
27 ~~whom personal judgment is sought. At that time and place the party or parties may offer~~
28 ~~evidence to show the fair value of the mortgaged premises even though they may not have~~
29 ~~otherwise appeared in the action for a deficiency judgment. Any deficiency judgment obtained~~
30 ~~must be enforced by execution as provided by law, except that no execution may be enforced~~
31 ~~after three years from the date of the rendition of the deficiency judgment. The mortgagee or~~

1 ~~vendor or the successor in interest of either is not permitted or authorized either before or after~~
2 ~~the rendition of a judgment for the foreclosure of a real estate mortgage or the cancellation or~~
3 ~~the foreclosure of a land contract, if the mortgage or contract was made after July 1, 1951, to~~
4 ~~bring any action in any court in this state for the recovery of any part of the debt secured by the~~
5 ~~mortgage or contract so foreclosed or canceled in excess of the amount by which the debt and~~
6 ~~the costs of the action exceed the fair value of the mortgaged premises. The fair value must be~~
7 ~~determined by a jury in the same manner as the fair value is determined in cases where a~~
8 ~~deficiency judgment is sought in an action to foreclose the mortgage and such judgment must~~
9 ~~be enforced by execution as provided by law except that the execution may not be enforced~~
10 ~~after three years after the date of the rendition of the judgment.~~

11 **SECTION 5. AMENDMENT.** Section 32-19-06.1 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **32-19-06.1. Deficiency judgments on commercial real property.** ~~Notwithstanding~~
14 ~~any other provision of law, a mortgagee holding a mortgage on commercial real property may~~
15 ~~obtain a deficiency judgment against the mortgagor of commercial real property contracted for~~
16 ~~after August 1, 1993, and any successor in interest of the mortgagor who has assumed the~~
17 ~~debt secured by the mortgage. In an action involving the foreclosure of a mortgage on~~
18 ~~commercial real property, the foreclosing party plaintiff shall state in its the pleading whether a~~
19 ~~deficiency judgment will be sought; and if sought shall identify the parties claimed to be~~
20 ~~personally liable for payment of the debt secured by the mortgage being foreclosed, and~~
21 ~~demand a deficiency judgment against those parties. Within ninety twenty days after the later~~
22 ~~of the filing or service of the pleading seeking the foreclosure of a mortgage, the party seeking a~~
23 ~~deficiency judgment on commercial real property shall file with the clerk of district court a notice~~
24 ~~for an completion of the appraisal of the real property by a licensed or certified, the appraiser~~
25 ~~and shall provide the plaintiff and file with the clerk of court a written report, including the fair~~
26 ~~market value of the property. The plaintiff shall mail a copy of the request to the parties claimed~~
27 ~~to be liable for a deficiency; of the appraisal to a party that may be personally liable at their last~~
28 ~~known the party's last-known residences or business addresses by first-class mail. The notice~~
29 ~~must contain the foreclosing party's agreement to pay the cost of the appraisal, which must be~~
30 ~~included as a cost allowed the foreclosing party if judgment is entered granting foreclosure.~~
31 ~~Upon the filing of the notice, the foreclosing party shall arrange for an appraisal of the property.~~

1 ~~Within twenty days after completion of the appraisal, the appraiser shall provide to the~~
2 ~~foreclosing party and file with the clerk of court a written report indicating the fair market value~~
3 ~~of the commercial real property. The foreclosing party shall also mail copies of the report to the~~
4 ~~parties claimed to be personally liable to their last known residences or business addresses by~~
5 ~~first class mail. Within fifteen days of the later of the filing or mailing of the report of the~~
6 ~~foreclosing party's appraisal, any party may file a notice of intention to obtain an additional~~
7 ~~appraisal to be conducted by a licensed or certified appraiser at the party's own expense. The~~
8 ~~additional appraisal report must be served upon the foreclosing party and filed within thirty days~~
9 ~~of the filing of the notice of appraisal and must be considered, with other appraisal reports filed,~~
10 ~~in the determination by the court of the fair market value of the property which determination as~~
11 ~~to fair market value must be made as of the date of the foreclosing party's appraisal. At the~~
12 ~~time of the entry of the judgment, the court shall include in its findings of fact the fair market~~
13 ~~value of the property and, if the fair market value is less than the amount found to be due the~~
14 ~~foreclosing party, identify the persons who are liable for any deficiency remaining after a~~
15 ~~sheriff's sale of the property pursuant to foreclosure judgment of any prior liens on the property.~~
16 ~~If the fair market value and the amount of any prior liens are less than the amount found to be~~
17 ~~due to the plaintiff. The court shall identify each person who is liable for any deficiency after the~~
18 ~~sheriff's sale. The foreclosure judgment must be in an amount equal to the balance then due~~
19 ~~and owing on the mortgage, plus costs ~~taxed by the court.~~ Upon entry of an order confirming~~
20 ~~the sheriff's sale in the foreclosure, the clerk of court shall note the amount ~~to be credited on~~~~
21 ~~the foreclosure judgment, which credit must be at least the amount bid at the sheriff's sale, less~~
22 ~~the cost of the sheriff's sale as a credit on the foreclosure judgment, which credit may not in any~~
23 ~~event be less than the fair market value established by the court. ~~However, only the~~ Any~~
24 ~~amount actually paid in excess of the foreclosure judgment ~~may constitute~~ constitutes surplus~~
25 ~~payable to the debtor pursuant to section 28-23-09. ~~At any time after the order confirming sale,~~~~
26 ~~the The clerk shall enter a money judgment to the extent of the deficiency against those parties~~
27 ~~found by the court to be personally liable ~~for the deficiency. The foreclosing party, then the~~~~
28 ~~plaintiff may thereafter pursue the same remedies to collect the deficiency judgment as are~~
29 ~~available to collect other money judgments. The deficiency judgment must be for the entire~~
30 ~~amount found to be due the foreclosing party in the foreclosure judgment, together with interest~~
31 ~~on the amount of the foreclosure judgment at the rate provided in the note secured by the~~

1 mortgage, less the amount credited by the clerk of court ~~upon entry of the order confirming the~~
2 ~~sheriff's sale. The deficiency judgment must bear interest at the same rate as the foreclosure~~
3 ~~judgment. As used in this section, "commercial real property" means any real property except~~
4 ~~residential real property consisting of fewer than three residential units and agricultural property,~~
5 ~~whose primary use is determined as of the time the mortgage is executed, as defined by~~
6 ~~section 57-02-01. As used in this section, "fair market value" means the highest price that~~
7 ~~commercial real property can be sold for in the open market by a willing seller to a willing buyer,~~
8 ~~neither acting under compulsion and both exercising reasonable judgment, reduced by the~~
9 ~~value of any liens paramount to the lien of the foreclosing party. In addition to the appraisals~~
10 ~~filed by the parties~~ appraisal, the court, in its determination of the fair market value of the
11 property, may consider affidavits from the parties or other proof of paramount liens and other
12 matters that may affect the value.

13 ~~The provisions of this section are not available unless the obligation and mortgage upon~~
14 ~~which the deficiency liability is based contain language located immediately above the~~
15 ~~signatures of the parties advising them that the mortgagee has the right to proceed to obtain~~
16 ~~and collect a deficiency judgment, together with foreclosure of the real property mortgaged~~
17 ~~under applicable laws.~~

18 **SECTION 6.** Section 32-19-06.2 of the North Dakota Century Code is created and
19 enacted as follows:

20 **32-19-06.2. Deficiency judgments on agricultural land.** If the complaint in an action
21 to foreclose on agricultural land of more than forty acres [16.19 hectares] has provided for a
22 deficiency judgment, a separate action for the deficiency must be brought within ninety days
23 after the sheriff's sale. In the separate action, a deficiency judgment may be entered, but may
24 not be in excess of the amount by which the sum adjudged to be due and the costs of the
25 action exceed the fair value of the mortgaged premises. There is not a presumption that the
26 premises sold for the fair value. The determination of the fair value must be submitted to a jury
27 and a deficiency judgment may not be rendered unless the fair value is determined by the jury
28 to be less than the sum adjudged to be due and costs of the action. Fifteen days' notice of the
29 time and place for determination of fair value must be given to all parties against whom
30 personal judgment is sought. Any party may offer evidence to show the fair value even though
31 that party may not have otherwise appeared in the action for a deficiency judgment. Any

1 deficiency judgment obtained may only be enforced by execution within three years from the
2 date of entry of the judgment.

3 **SECTION 7. AMENDMENT.** Section 32-19-07 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **32-19-07. Other suits permitted.** ~~Neither before nor after the rendition of a judgment~~
6 ~~for the foreclosure of a real estate mortgage or for the cancellation or foreclosure of a land~~
7 ~~contract made between July 1, 1937, and July 1, 1951, shall the mortgagee or vendor, or the~~
8 ~~successor in interest of either, be authorized or permitted to bring any action in any court in this~~
9 ~~state for the recovery of any part of the debt secured by the mortgage or contract so foreclosed.~~
10 ~~It is the intent of this section that no deficiency judgment shall be rendered upon any note,~~
11 ~~mortgage, or contract given between July 1, 1937, and July 1, 1951, to secure the payment of~~
12 ~~money loaned upon real estate or to secure the purchase price of real estate, and in case of~~
13 ~~default the holder of a real estate mortgage or land contract shall be entitled only to a~~
14 ~~foreclosure of the mortgage or the cancellation or foreclosure of the contract. Except as~~
15 ~~otherwise provided in sections 32-19-04 and 32-19-06, neither before nor after the rendition of a~~
16 ~~judgment for the foreclosure of a real estate mortgage or for the cancellation or foreclosure of a~~
17 ~~land contract made after July 1, 1951, shall the mortgagee or vendor, or the successor in~~
18 ~~interest of either, be authorized or permitted to bring any action in any court in this state for the~~
19 ~~recovery of any part of the debt secured by the mortgage or contract so foreclosed. It is the~~
20 ~~intent of this section that no deficiency judgment shall be rendered upon any note, mortgage, or~~
21 ~~contract given after July 1, 1951, to secure the payment of money loaned upon real estate or to~~
22 ~~secure the purchase price of real estate, and in case of default the holder of a real estate~~
23 ~~mortgage or land contract shall be entitled only to a foreclosure of the mortgage or the~~
24 ~~cancellation or foreclosure of the contract except as provided by sections 32-19-04 and~~
25 ~~32-19-06. However, notwithstanding~~ Notwithstanding any other provisions provision of state
26 law, where a promissory note or other obligation and a mortgage, other than a first mortgage,
27 upon real estate have been given to secure a debt contracted on or after August 1, 1993, a
28 mortgagee may bring an action on the promissory note ~~or other obligation of the mortgagor~~ if
29 the mortgagee waives the right to foreclose the mortgage given to secure the note ~~or other~~
30 ~~obligation. The provisions of this section allowing.~~ Allowing a mortgagee to bring an action on
31 the promissory note or other obligation of the mortgagor if the mortgagee waives the right to

1 foreclosure of the mortgage given to secure the note ~~or other obligation apply~~ applies only to
2 residential real property consisting of four or fewer residential units.

3 **SECTION 8. AMENDMENT.** Section 32-19-08 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **32-19-08. Sales made by whom and where - Notice.** ~~All sales~~ A sale of mortgaged
6 premises under a judgment of foreclosure must be made in the county where the premises, or
7 some part of ~~them~~, the premises are situated; The sale must be made by the sheriff of that
8 county ~~or~~, the sheriff's deputy, or by some person appointed by the court for that purpose, upon
9 the notice and in the manner prescribed by law for the sale of real property upon execution.

10 **SECTION 9. AMENDMENT.** Section 32-19-09 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **32-19-09. Certificate of sale - Deed and effect.** ~~Whenever any real property shall be~~
13 ~~sold under judgment of foreclosure pursuant to the provisions of this chapter~~ At the sheriff's
14 sale, the ~~officer or other~~ person making the sale must give to the purchaser a certificate of sale
15 as provided by section 28-23-11, and at the expiration of the time for the redemption ~~of such~~
16 ~~property~~, if ~~the same~~ is not redeemed, the person ~~or officer~~ making the sale, or the successor in
17 office, ~~or other officer appointed by the court~~, must ~~make to give~~ give the purchaser, the purchaser's
18 heirs, or assigns, or to any person who has acquired the title of ~~such~~ the purchaser by
19 redemption or otherwise, a deed ~~or deeds of such the property. Such.~~ The deed shall vest
20 vests in the grantee all the right, title, and interest of the mortgagor in and to the property sold,
21 at the time the mortgage was executed; or subsequently acquired by the mortgagor; and ~~shall~~
22 ~~be is~~ a bar to all claim, right, or equity of redemption in or to the property by the parties to ~~such~~
23 the action, their heirs and personal representatives, and also against all persons claiming under
24 them, or any of them, subsequent to the commencement of the action ~~in which such judgment~~
25 ~~was rendered.~~

26 **SECTION 10. AMENDMENT.** Section 32-19-10 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **32-19-10. Application of proceeds.** The proceeds of every foreclosure sale must be
29 applied to the discharge of the debt adjudged by the court to be due and of the costs, and if
30 there is any surplus, it must be brought into court ~~for the use of the defendant or of the person~~
31 ~~entitled thereto~~, subject to the order of the court. If the surplus is less than one thousand

1 dollars and an application to receive the surplus is not filed with the court within sixty days after
2 deposit, the court shall order the funds forfeited to the general fund of the county.

3 **SECTION 11. AMENDMENT.** Section 32-19-11 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **32-19-11. When surplus invested.** If the surplus ~~upon a foreclosure sale, or any part~~
6 ~~thereof, shall remain in court for the term of three months without being applied for~~ is one
7 thousand dollars or more and is not applied for within ninety days, the ~~judge of the district~~ court
8 may direct the same to be ~~put out~~ deposited at interest for benefit of the defendant, the
9 defendant's representatives, or assigns, subject to the order of the court.

10 **SECTION 12. AMENDMENT.** Section 32-19-18 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **32-19-18. Redemption.** ~~All real property sold upon foreclosure of a mortgage by order,~~
13 ~~judgment, or decree of court may be redeemed at any time within one year after such sale as~~
14 ~~prescribed by chapter 28-24.~~ A party in a foreclosure action or the successor of a party may
15 redeem from the foreclosure sale within sixty days after the sale, except for agricultural land.
16 Agricultural land may be redeemed within three hundred sixty-five days after the sheriff's sale.
17 The owner of the property has a paramount right to redeem upon paying the amount bid at the
18 sheriff's sale plus interest on that amount at the same rate as the obligation secured by the
19 mortgage. Persons holding subordinate liens on the property may redeem in the order of
20 priority as determined by the order of attachment to the property. This redemption has the
21 effect of a redemption as of the date of deposit, subject to the subsequent payment of any
22 additional amount, if any, determined to be due as of that date.

23 **SECTION 13. AMENDMENT.** Section 32-19-20 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **32-19-20. Notice before foreclosure.** At least thirty days and not more than ninety
26 days before the commencement of any action or proceeding for the foreclosure of a mortgage
27 on real estate, a written notice shall be served on the title owner of record of the real estate
28 ~~described in the mortgage as shown by the records in the office of the recorder of the county in~~
29 ~~which such real estate is situated.~~

30 **SECTION 14. AMENDMENT.** Section 32-19-21 of the North Dakota Century Code is
31 amended and reenacted as follows:

- 1 **32-19-21. Contents of notice.** The notice before foreclosure shall contain:
- 2 1. A description of the real estate.
- 3 2. The date and amount of the mortgage.
- 4 3. The amount due ~~for to bring the installments of principal, and interest, and current~~
5 as of a date specified, and the amount advanced by the mortgagee for taxes paid
6 ~~by the owner of the mortgage, stated, insurance, and maintenance, separately~~
7 itemized.
- 8 4. A statement that if the amount due is not paid within thirty days from the date of the
9 mailing or service of the notice proceedings will be commenced to foreclose the
10 mortgage.

11 **SECTION 15. AMENDMENT.** Section 32-19-22 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **32-19-22. Notice may be served by registered ~~or certified~~ mail.** The notice before
14 foreclosure may be served by registered ~~or certified~~ mail addressed to the owner of record at
15 the owner's post-office address ~~as such address is shown by~~ in the mortgage or by the records
16 in the chain of title ~~to such real estate in the office~~ of the recorder of the county where the real
17 estate is situated. If such post-office address is not shown in the mortgage or in such records,
18 the notice may be served by registered ~~or certified~~ mail addressed to the owner of record at the
19 post office nearest any part or tract of the real estate.

20 **SECTION 16. AMENDMENT.** Section 32-19-23 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **32-19-23. When notice not required.** If the record title to real estate is in the name of
23 a deceased person, ~~no~~ notice before foreclosure need not be served unless ~~an administrator or~~
24 ~~executor~~ a personal representative of the estate ~~of the deceased person has been~~ is appointed
25 ~~by the district court serving~~ in the county in which the real estate is situated. The certificate of
26 the judge or clerk of the district court serving the county in which the real estate is situated
27 stating that ~~no such administrator or executor~~ a personal representative has not been
28 appointed ~~in that county may be recorded in the office of the recorder and~~ is sufficient evidence
29 of that fact.

30 **SECTION 17. AMENDMENT.** Section 32-19-24 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 Affiant further says that as to all defendants proceeded against as "And all persons
2 unknown, claiming any estate or interest in, or lien or encumbrance upon, the real
3 estate described in the complaint" the interests of such unknown persons defendant in
4 the land described in the complaint are not shown of record in the office of the recorder,
5 the clerk of the district court, or the county auditor of the county of
6 _____, that being the county in which ~~said~~ the land is situated, and
7 affiant does not know and is unable to ascertain the names, residences, or post-office
8 addresses of any of the persons who are proceeded against as unknown persons
9 defendant; that the relief sought in this action consists wholly or partially in excluding
10 ~~said~~ the unknown defendants from any interest in or lien upon the real estate described
11 in the complaint ~~save and~~ except the right of redemption as provided by law.

12 **SECTION 23. AMENDMENT.** Section 32-19-38 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **32-19-38. What the summons to contain.** The summons ~~mentioned in section~~
15 ~~32-19-29 shall~~ in a foreclosure action in which the persons unknown are named as defendants
16 must contain, or have appended thereto to the, a statement substantially as follows:

17 This action relates to the foreclosure of a mortgage or lien, as the case may be, upon
18 (here describe the real estate involved in the action).

19 **SECTION 24. AMENDMENT.** Section 32-19-39 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **32-19-39. Judgment and decrees to be binding against whom.** All orders,
22 judgments, or decrees entered in any action ~~brought under the provisions of sections 32-19-29~~
23 ~~through 32-19-38 shall be~~ are binding upon ~~all persons~~ each person proceeded against as
24 ~~defendants~~ a defendant, whether of age or minors, and ~~all those~~ each person claiming by,
25 through, or under ~~them~~ a defendant after the commencement of the action, ~~and all persons.~~
26 The same are binding upon whose interests did not appear of record in the office of the
27 recorder, county auditor, or clerk of the district court of the county ~~wherein said~~ of the action is
28 ~~brought~~ at the time of the commencement of the action.

29 **SECTION 25. AMENDMENT.** Section 32-19-40 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **32-19-40. Persons holding unrecorded conveyance need not be made parties,**
2 **when.** In any action to foreclose a mortgage or other lien upon real property, ~~ne~~ a person
3 holding a conveyance ~~from or under the mortgagor of the property mortgaged, or other owner~~
4 ~~thereof, nor one~~ having a lien upon ~~such~~ the property, if such conveyance or lien does not
5 appear of record in the proper office at the time of the commencement of the action, does not
6 need to be made a party to ~~such~~ the action, and the judgment ~~therein~~ rendered and the
7 proceedings ~~therein had shall be as~~ in and of the action are conclusive against the party
8 ~~holding such unrecorded conveyance or lien as if such~~ the party had been made a party to the
9 action.

10 **SECTION 26. AMENDMENT.** Section 32-19-41 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **32-19-41. Abandoned personal property - Disposal by record title owner.** The
13 ~~record title owner of real property sold under judgment of foreclosure or foreclosure by~~
14 ~~advertisement for which~~ grantee in a sheriff's deed that has been ~~issued and~~ recorded, or after
15 receipt and recording of a deed in lieu of foreclosure, may retain and dispose of without legal
16 process any personal property left on the real property thirty days after the issuance of a
17 sheriff's deed. If the total estimated value of the personal property is five hundred dollars or
18 more, the record title owner shall make reasonable efforts to notify in writing the mortgagor or
19 person who was entitled to possession of the real property during the redemption period by
20 certified mail at least fifteen days before disposing of the personal property. Service by mail is
21 complete upon mailing. The record title owner is entitled to the proceeds from the sale of the
22 personal property, after all costs incidental to removal, storage, disposal, and sale of the
23 property have been deducted. This section applies only to tracts of land not exceeding forty
24 acres [16.19 hectares].

25 **SECTION 27. REPEAL.** Sections 32-19-05, 32-19-12, 32-19-13, 32-19-14, 32-19-15,
26 32-19-16, 32-19-17, 32-19-30, 32-19-31, 32-19-32, 32-19-33, and 32-19-34 of the North Dakota
27 Century Code are repealed.