

HOUSE BILL 583

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

John Block

AN ACT

RELATING TO FORECLOSURE; RESTRICTING THE SALE OR ASSIGNMENT OF
REDEMPTION RIGHTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 39-5-18 NMSA 1978 (being Laws 1931,
Chapter 149, Section 2, as amended) is amended to read:

"39-5-18. REDEMPTION OF REAL PROPERTY SOLD UNDER JUDGMENT
OR DECREE OF FORECLOSURE--NOTICE AND HEARING--REDEMPTION
AMOUNT--PRIORITY OF REDEMPTION RIGHTS.--

A. After sale of real estate pursuant to the order,
judgment or decree of foreclosure in the district court, the
real estate may be redeemed by the former defendant owner of
the real estate, [~~or by any junior mortgagee or other junior
lienholder whose rights were judicially determined in the
foreclosure proceeding~~] the defendant owner's heirs, family or

.230306.2

underscoring material = new
[bracketed material] = delete

underscoring material = new
[bracketed material] = delete

1 relatives within three degrees of consanguinity, a nonprofit
2 housing organization or a junior mortgagee or junior
3 lienholder:

4 (1) by paying to the purchaser, at any time
5 within nine months from the date of sale, the amount paid at
6 the sale, with interest from the date of sale at the rate of
7 ten percent a year, together with all taxes, interest and
8 penalties thereon, and all payments made to satisfy in whole or
9 in part any prior lien or mortgage not foreclosed, paid by the
10 purchaser after the date of sale, with interest on the taxes,
11 interest, penalties and payments made on liens or mortgages at
12 the rate of ten percent a year from the date of payment; or

13 (2) by filing a petition for redemption in the
14 pending foreclosure case in the district court in which the
15 order, judgment or decree of foreclosure was entered and by
16 making a deposit of the amount set forth in Paragraph (1) of
17 this subsection in cash in the office of the clerk of that
18 district court, at any time within nine months from the date of
19 sale. Copies of the petition for redemption shall be served
20 upon the purchaser of the real estate at the judicial
21 foreclosure sale and upon all parties who appeared in the
22 judicial foreclosure case; and

23 (3) the former defendant owner shall have the
24 first priority to redeem the real estate. [~~If the former~~
25 ~~defendant owner does not redeem the real estate as provided in~~

.230306.2

underscoring material = new
~~[bracketed material] = delete~~

1 ~~this subsection, each junior mortgagee or junior lienholder~~
2 ~~shall have a right to redeem the real estate. The order of~~
3 ~~priority of such redemption rights shall be the same priority~~
4 ~~as the underlying mortgages or liens, as set forth in the court~~
5 ~~order, judgment or decree of foreclosure or as otherwise~~
6 ~~determined by the court.]~~ A junior mortgagee or junior
7 lienholder may exercise redemption rights only to protect a
8 secured financial interest and shall not transfer, sell or
9 assign redemption rights to a third party. All redemptions
10 must be made within the time periods set forth in Paragraphs
11 (1) and (2) of this subsection.

12 B. The purchaser of real estate at a foreclosure
13 sale, upon being served with the petition for redemption of the
14 property, shall answer the petition within thirty days after
15 service of the petition.

16 C. The hearing shall be governed by the rules of
17 civil procedure and shall be set upon the earlier of the filing
18 of a redemption by the former defendant owner or the expiration
19 of the period for filing a redemption. At the hearing, the
20 judge shall determine the amount of money necessary for the
21 redemption, which shall include the money paid at the sale and
22 all taxes, interest, penalties and payments made in
23 satisfaction of liens, mortgages and encumbrances. If more
24 than one redemption is filed, the court shall also determine
25 which redemption has priority pursuant to Subsection A of this

.230306.2

underscored material = new
[bracketed material] = delete

1 section and which party is therefore entitled to redeem the
2 property. At the conclusion of the hearing, the district court
3 may order the clerk of the court to issue the certificate of
4 redemption upon such terms and conditions as it deems just.

5 ~~[D. As used in this section, the terms "owner",~~
6 ~~"junior mortgagee", "junior lienholder" and "purchaser" include~~
7 ~~their respective personal representatives, heirs, successors~~
8 ~~and assigns.~~

9 E.] D. For the purpose of this section, "date of
10 sale" means the date the district court order confirming the
11 special master's report is filed in the office of the clerk of
12 the court.

13 ~~[F.]~~ E. The nine-month redemption period provided
14 in this section is subject to modification pursuant to the
15 provisions of Section 39-5-19 NMSA 1978.

16 ~~[G.]~~ F. A trustee's sale pursuant to a power of
17 sale in a deed of trust as provided in the Deed of Trust Act is
18 not a sale of real estate pursuant to a judgment or decree of a
19 court. A redemption after a trustee's sale is governed by the
20 Deed of Trust Act."