

**SF4157 - 0 - Various Fin. Inst. Loaning Provisions Modified**

Chief Author: **Matt Klein**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **3/11/2024 9:02:57 PM**  
 Lead Agency: **Commerce Dept**  
 Other Agencies:  
     Administrative Hearings

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.  
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
State Total						
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Karl Palm      **Date:** 3/11/2024 9:02:57 PM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

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Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

<b>Full Time Equivalent Positions (FTE)</b>		<b>Biennium</b>			<b>Biennium</b>	
		FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>		-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

### Bill Description

HF4041-0 updates the Minnesota Residential Mortgage Originator and Servicer Licensing Act (Minnesota Statutes Chapter 58 passed in 1998) and mortgage lending authority that has come from identifiable needs and pain points related to licensing and the growth of the mortgage industry since the introduction of the Mortgage S.A.F.E. Mortgage Licensing Act for individual loan officers in 2010 (Minnesota Statutes Chapter 58A).

Section 1: 47.20, Subd 2 adjusts the conventional loan threshold amount of \$100,000 for lending authority to align with FHFA conforming loan limits, as home loans in Minnesota are significantly higher than the current threshold of \$100,000.

Section 2 and 3: 47.54, Subd 2 and Subd. 6 allows the Commissioner to approve a bank branch application using “written consent” versus issuing an Order.

Section 4: 48.24, Subd 2 expands the lending authority of Minnesota state-chartered banks who operate de novo branches outside of Minnesota and its four contiguous surrounding states; ultimately, balancing the lending authority between those Minnesota banks and their non-Minnesota bank competitors.

Section 5, 7, and 8: 58.02 clarifies the definition of residential real estate to harmonize Chapters 58 and 58A.

Section 9: 58.04, Subd. 1 adds a specific exemption for non-profit mortgage origination/servicing companies in Chapter 58 to align with Chapter 58A. We currently use “person exempted by order of the commissioner” process.

Sections 10 and 11: 58.05, Subd. 1 clarifies the requirements for obtaining a certificate of exemption from the Commissioner and further eliminates the requirement for a financial institution to obtain a certificate of exemption from the Commissioner.

Sections 12, 13, and 14: 58.06 adds the NMLS criminal background check processes for company owners and officers same as for MLOs and that many other states do that will improve the background check process.

Sections 15 and 16: 58.08, Subd. 1a and Subd. 2 updates and increases surety bond requirements for origination and servicing to reflect current dollar volume (previous thresholds passed in 2010) to increase consumer protection.

Section 17: 58.10, Subd. 3 expands the allowable uses fo the consumer education account.

Section 18: 58.115 is amended to allow the acceptance of comparably authorized state examinations.

Section 19: 58.13, Subd. 1 requires the net tangible benefit standard of conduct be in a form in writing.

Section 20: 58.141 makes technical updates on NMLS ID and reporting requirements to align Chapters 58 and 58A.

Section 21: amends MR, part 2675.2170 to align with GAAP requirements concerning when banks are to classify fixed real

estate as “other real estate owned.”

Section 22: repeals 58.08, Subd. 3 which will enhance consumer protection by requiring all residential mortgage servicers to maintain a surety bond or irrevocable letter of credit.

### **Assumptions**

Most section updates represent chapter harmonization and technical updates. Commerce assumes the Department will be able to implement all the above changes through its current staffing levels.

The bill language will allow the Commissioner to approve branch applications via written consent versus issuing an Order. While this doesn't change the amount of work for the Department, it is expected to shorten the processing time by up to three business days.

Utilizing NMLS to facilitate background checks for company owners and officers of mortgage loan originators and servicers will enhance the due diligence of the Department's background check process. It will bring the Department into alignment with other states.

### **Expenditure and/or Revenue Formula**

N/A

### **Long-Term Fiscal Considerations**

N/A

### **Local Fiscal Impact**

### **References/Sources**

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<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

<b>Full Time Equivalent Positions (FTE)</b>		<b>Biennium</b>			<b>Biennium</b>	
		FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>		-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Chloe Burns      **Date:** 3/11/2024 8:41:01 PM  
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<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

**Bill Description**

HF4041 provides for the Department of Commerce to add and modify various provisions governing financial institutions in addition to making technical updates to the statutes and bringing chapters into alignment with each other.

**Assumptions**

The Office of Administrative Hearings (OAH) in consultation with Minnesota Management and Budget (MMB) assesses agencies the cost of services rendered to them. All agencies shall include in their budgets provisions for such assessments.

While this bill makes mention of rulemaking in Section 21, the Department of Commerce has assumed no rulemaking costs at OAH, therefore it is assumed that OAH would have no fiscal impact.

**Expenditure and/or Revenue Formula****Long-Term Fiscal Considerations****Local Fiscal Impact****References/Sources**

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