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## **S.F. No. 4157 – Commerce Financial Institutions Policy Bill**

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**S.F. 4157** 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 (section 47.20, subdivision 2)** adjusts the conventional loan threshold amount of \$100,000 for lending authority to align with Federal Housing Finance Agency conforming loan limits, as home loans in Minnesota are significantly higher than the current threshold of \$100,000.

**Sections 2 and 3 (section 47.54, subds. 2 and 6)** allow 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.

**Sections 5, 6, 7, and 8 (section 58.02)** clarify the definition of residential real estate and residential mortgage loan to conform to chapters 58 and 58A.

**Section 9 (section 58.04, subd. 1)** adds a specific exemption for non-profit mortgage origination/servicing companies in chapter 58 to align with chapter 58A.

**Sections 10 and 11 (section 58.05, subd. 1)** clarify the requirements for obtaining a certificate of exemption from the commissioner and further eliminate the requirement for a financial institution to obtain a certificate of exemption from the commissioner.

**Sections 12, 13, and 14 (section 58.06)** add the Nationwide Multistate Licensing System and Registry criminal background check processes for company owners and officers.

**Sections 15 and 16 (section 58.08, subds. 1a and 2)** update and increase surety bond requirements for origination and servicing to reflect current dollar volume to increase consumer protection.

**Section 17 (section 58.10, subd. 3)** expands the allowable uses for the consumer education account.

**Section 18 (section 58.115)** is amended to allow the acceptance of comparably authorized state examinations.

**Section 19 (section 58.13, subd. 1)** requires the net tangible benefit standard of conduct be in a form in writing.

**Section 20 (section 58.141)** makes technical updates on Nationwide Multistate Licensing System and Registry ID and reporting requirements to align with chapters 58 and 58A.

**Section 21** orders rulemaking to **Minnesota Rules, 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** the section (section 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.