Senator Klein from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 4168: A bill for an act relating to commerce; modifying the application of certain residential mortgage loan fees and penalties; amending Minnesota Statutes 2024, section 58.137, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2024, section 58.137, is amended by adding a subdivision to read:

Subd. 4. **Exception.** Subdivisions 1 and 2 do not apply to a residential mortgage loan that is a purchase money, first lien, or DSCR loan if:

(1) the loan is made for investment purposes only;

(2) no borrower, guarantor, or cosigner, intend to or do occupy the residential real property securing the loan; and

(3) the seller does not continue to occupy the residential real property after the sale.

Sec. 2. Minnesota Statutes 2024, section 58.20, is amended by adding a subdivision to read:

Subd. 5a. **Debt service coverage ratio loan or DSCR loan.** "Debt service coverage ratio loan" or "DSCR loan" means a mortgage:

(1) that is not a qualified mortgage, as defined in United States Code, title 15, section 1639c;

(2) secured by investment property; and

(3) where the lender's decision to make the loan is based on the expected cash flow to be generated from the investment property instead of the borrower's personal income.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to residential mortgage loans executed on or after that date."

Delete the title and insert:

"A bill for an act

relating to commerce; providing an exception for investment loans; defining debt service coverage ratio loan; amending Minnesota Statutes 2024, sections 58.137, by adding a subdivision; 58.20, by adding a subdivision."

And when so amended the bill do pass. Amendments adopted. Report adopted.

2.1 .....
2.2 (Committee Chair)

2.3 March 27, 2026.....
2.4 (Date of Committee recommendation)