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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3437

- 02/17/2026 Authored by Allen  
The bill was read for the first time and referred to the Committee on Commerce Finance and Policy
- 04/07/2026 Adoption of Report: Placed on the General Register as Amended  
Read for the Second Time
- 04/13/2026 Calendar for the Day  
Read for the Third Time  
Passed by the House and transmitted to the Senate

1.1 A bill for an act

1.2 relating to commerce; modifying the application of residential mortgage loan fees

1.3 and penalties in certain instances; amending Minnesota Statutes 2024, sections

1.4 58.137, by adding a subdivision; 58.20, by adding a subdivision.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2024, section 58.137, is amended by adding a subdivision

1.7 to read:

1.8 Subd. 4. **Exception.** Subdivisions 1 and 2 do not apply to a residential mortgage loan

1.9 that is a purchase money, first lien, or DSCR loan if:

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

1.11 (2) no borrower, guarantor, or cosigner intend to or do occupy the residential real property

1.12 securing the loan; and

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

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

1.15 read:

1.16 Subd. 5a. **Debt service coverage ratio loan or DSCR loan.** "Debt service coverage

1.17 ratio loan" or "DSCR loan" means a mortgage:

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

1.19 1639c;

1.20 (2) secured by investment property; and

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

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