

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 4168

(SENATE AUTHORS: DUCKWORTH)

DATE	D-PG	OFFICIAL STATUS
03/05/2026	6518	Introduction and first reading Referred to Commerce and Consumer Protection
04/07/2026	7600a 7904	Comm report: To pass as amended Second reading
04/15/2026	8074	Referred to for comparison with HF3437 Rule 45-amend, subst. General Orders HF3437, SF indefinitely postponed

1.1 A bill for an act

1.2 relating to commerce; providing an exception for investment loans; defining debt

1.3 service coverage ratio loan; amending Minnesota Statutes 2024, sections 58.137,

1.4 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.