

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 990

02/11/2019 Authored by Sundin, Davids, O'Driscoll and Howard
The bill was read for the first time and referred to the Committee on Commerce

1.1 A bill for an act
1.2 relating to financial institutions; adding an exemption to licensing requirements
1.3 for residential mortgage originators; providing for conformity with federal truth
1.4 in lending requirements; amending Minnesota Statutes 2018, section 58.04,
1.5 subdivision 1.

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

1.7 Section 1. Minnesota Statutes 2018, section 58.04, subdivision 1, is amended to read:

1.8 Subdivision 1. Residential mortgage originator licensing requirements. (a) No person
1.9 shall act as a residential mortgage originator, or make residential mortgage loans without
1.10 first obtaining a license from the commissioner according to the licensing procedures
1.11 provided in this chapter.

1.12 (b) A licensee must be either a partnership, limited liability partnership, association,
1.13 limited liability company, corporation, or other form of business organization, and must
1.14 have and maintain a surety bond in the amounts prescribed under section 58.08.

1.15 (c) The following persons are exempt from the residential mortgage originator licensing
1.16 requirements:

1.17 (1) a person who is not in the business of making residential mortgage loans and who
1.18 makes no more than three such loans, with its own funds, during any 12-month period;

1.19 (2) a financial institution as defined in section 58.02, subdivision 10;

1.20 (3) an agency of the federal government, or of a state or municipal government;

1.21 (4) an employee or employer pension plan making loans only to its participants;

- 2.1 (5) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a
2.2 specific order issued by a court of competent jurisdiction; ~~or~~
- 2.3 (6) a person exempted by order of the commissioner; or
- 2.4 (7) a manufactured home dealer, as defined in section 327B.01, subdivision 7 or 11b,
2.5 or a manufactured home salesperson, as defined in section 327B.01, subdivision 19, that:
- 2.6 (i) does not receive compensation or gain for engaging in activities described in section
2.7 58.16, subdivision 1, in excess of the compensation or gain received in a comparable cash
2.8 transaction;
- 2.9 (ii) discloses to the borrower in writing (A) any corporate affiliation with a lender, and
2.10 (B) if a corporate affiliation with a lender exists, the name of at least one unaffiliated lender;
2.11 and
- 2.12 (iii) does not directly negotiate with the borrower or lender on loan terms, including
2.13 rates, fees, and other costs.