

1.1 Koegel and O'Driscoll from the Committee on Commerce Finance and Policy to which
1.2 was referred:

1.3 H. F. No. 3437, A bill for an act relating to commerce; modifying the application of
1.4 certain residential mortgage loan fees and penalties; amending Minnesota Statutes 2024,
1.5 section 58.137, subdivision 3.

1.6 Reported the same back with the following amendments:

1.7 Delete everything after the enacting clause and insert:

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

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

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

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

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

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

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

1.20 (1) that is not a qualified mortgage, as defined in United States Code, title 15, section
1.21 1639c;

1.22 (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."

2.5 Amend the title as follows:

2.6 Page 1, line 2, delete "certain"

2.7 Page 1, line 3, before the semicolon, insert "in certain instances"

2.8 Correct the title numbers accordingly

2.9 With the recommendation that when so amended the bill be placed on the General
2.10 Register.

2.11 This Committee action taken March 24, 2026

2.12 Co-Chair

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