

House Research Act Summary

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TOPIC: Omnibus financial institutions bill

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Overview

This is the department of commerce omnibus financial institutions bill.

Section

- 1 **Authorization.** Permits banks located within the metropolitan area to have part-time locations at nursing homes or senior centers any place within the metropolitan area. Under prior law, these part-time locations were permitted only within the municipality in which the bank had its main office or branch.
- 2 **Definitions.** Expands the definition of financial institution to include operating subsidiaries of financial institutions. This permits those operating subsidiaries to use the interest rates and other loan charges permitted under section 47.59.
- 3 **Advances to perform covenants of borrower or purchaser.** Corrects an error in current law.
- 4 **Prompt crediting of payments.** Requires lenders to credit payments as of the date they are received.
- 5 **Credit insurance.** Extends a current regulation of credit life insurance to all types of credit insurance.
- 6 **Authorization, terms, conditions, and prohibition.** Corrects a cross-reference to another statute.
- 7 **Banking institutions may use federal banking laws.** Rewrites current law to make it clearer.
- 8 **Credit union powers.** Updates a reference to federal law.
- 9 **Adjustment of dollar amounts.** Eliminates obsolete cross-references.
- 10 **Financial institution.** Changes the way of referring to Minnesota branches of out-of-state banks.
- 11 **Residential mortgage originator licensing requirements.** Technical changes in list of persons

exempt from mortgage originator licensing. Reduces threshold for exemption for occasional residential mortgage activities from five to three per year.

- 12 **Residential mortgage servicer licensing requirements.** Technical changes in list of exemptions from mortgage servicer licensing. Changes occasional servicing threshold for exemption from five to three per year.
- 13 **Conducting business under license.** Prohibits mortgage originators and servicers from doing business under more than one name.
- 14 **Certificate of exemption.** Makes changes in which types of persons have to get certificates of exemption from the commissioner to be exempt from licensure as a mortgage originator or servicer.
- 15 **Bonds; letters of credit.** Technical correction to use language that consistently recognizes that letters of credit may be used instead of bonds for mortgage originators and servicers. Defines "irrevocable letter of credit" for purposes of mortgage originators and servicers.
- 16 **Amounts.** Eliminates a reference to a fee.
- 17 **Rates and charges.** Requires out-of-state lenders to comply with Minnesota mortgage lending laws. This section was later amended in Laws 2000, chapter 499, to delay its effective date until August 1, 2001.
- 18 **Prompt crediting of payments.** Requires motor vehicle finance lenders to credit payments as of the day received.
- 19 **Commerce department examination; foundation loan portfolio pilot project.** Permits a nonprofit charitable organization to arrange with the commissioner of commerce to be examined and regulated to the extent required under a federal grant program. Requires the organization to pay all costs involved.
- 20 **Vasa township; detached banking facility.** Permits location of a branch bank in Vasa township, with permission of the town board and the commissioner of commerce.
- 21 **Repealer.** Repeals obsolete law and law replaced in this bill on certificates of exemption. Repeals rule on refunds of unearned precomputed interest. Repeals a department of commerce rule dealing with mortgage lending by credit unions.
- 22 **Effective dates.** Various effective dates.