

16.10

**ARTICLE 2**

16.11

**FINANCIAL INSTITUTIONS**16.12 Section 1. **[46A.01] DEFINITIONS.**

16.13 Subdivision 1. **Terms.** For the purposes of this chapter, the terms defined in this section  
 16.14 have the meanings given them.

16.15 Subd. 2. **Authorized user.** "Authorized user" means any employee, contractor, agent,  
 16.16 or other person who: (1) participates in a financial institution's business operations; and (2)  
 16.17 is authorized to access and use any of the financial institution's information systems and  
 16.18 data.

16.19 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce.

16.20 Subd. 4. **Consumer.** (a) "Consumer" means an individual who obtains or has obtained  
 16.21 from a financial institution a financial product or service that is used primarily for personal,  
 16.22 family, or household purposes, or is used by the individual's legal representative. Consumer  
 16.23 includes but is not limited to an individual who:

16.24 (1) applies to a financial institution for credit for personal, family, or household purposes,  
 16.25 regardless of whether the credit is extended;

16.26 (2) provides nonpublic personal information to a financial institution in order to obtain  
 16.27 a determination whether the individual qualifies for a loan used primarily for personal,  
 16.28 family, or household purposes, regardless of whether the loan is extended;

16.29 (3) provides nonpublic personal information to a financial institution in connection with  
 16.30 obtaining or seeking to obtain financial, investment, or economic advisory services, regardless  
 17.1 of whether the financial institution establishes a continuing advisory relationship with the  
 17.2 individual; or

17.3 (4) has a loan for personal, family, or household purposes in which the financial institution  
 17.4 has ownership or servicing rights, even if the financial institution or one or more other  
 17.5 institutions that hold ownership or servicing rights in conjunction with the financial institution  
 17.6 hires an agent to collect on the loan.

17.7 (b) Consumer does not include an individual who:

17.8 (1) is a consumer of another financial institution that uses a different financial institution  
 17.9 to act solely as an agent for, or provide processing or other services to, the consumer's  
 17.10 financial institution;

17.11 (2) designates a financial institution solely for the purposes to act as a trustee for a trust;

17.12 (3) is the beneficiary of a trust for which the financial institution serves as trustee; or

54.7

**ARTICLE 2**

54.8

**MONETARY AND FINANCIAL INSTITUTION POLICY**54.9 Section 1. **[46A.01] DEFINITIONS.**

54.10 Subdivision 1. **Terms.** For the purposes of this chapter, the terms defined in this section  
 54.11 have the meanings given them.

54.12 Subd. 2. **Authorized user.** "Authorized user" means any employee, contractor, agent,  
 54.13 or other person who: (1) participates in a financial institution's business operations; and (2)  
 54.14 is authorized to access and use any of the financial institution's information systems and  
 54.15 data.

54.16 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce.

54.17 Subd. 4. **Consumer.** (a) "Consumer" means an individual who obtains or has obtained  
 54.18 from a financial institution a financial product or service that is used primarily for personal,  
 54.19 family, or household purposes, or is used by the individual's legal representative. Consumer  
 54.20 includes but is not limited to an individual who:

54.21 (1) applies to a financial institution for credit for personal, family, or household purposes,  
 54.22 regardless of whether the credit is extended;

54.23 (2) provides nonpublic personal information to a financial institution in order to obtain  
 54.24 a determination whether the individual qualifies for a loan used primarily for personal,  
 54.25 family, or household purposes, regardless of whether the loan is extended;

54.26 (3) provides nonpublic personal information to a financial institution in connection with  
 54.27 obtaining or seeking to obtain financial, investment, or economic advisory services, regardless  
 54.28 of whether the financial institution establishes a continuing advisory relationship with the  
 54.29 individual; or

54.30 (4) has a loan for personal, family, or household purposes in which the financial institution  
 54.31 has ownership or servicing rights, even if the financial institution or one or more other  
 55.1 institutions that hold ownership or servicing rights in conjunction with the financial institution  
 55.2 hires an agent to collect on the loan.

55.3 (b) Consumer does not include an individual who:

55.4 (1) is a consumer of another financial institution that uses a different financial institution  
 55.5 to act solely as an agent for, or provide processing or other services to, the consumer's  
 55.6 financial institution;

55.7 (2) designates a financial institution solely for the purposes to act as a trustee for a trust;

55.8 (3) is the beneficiary of a trust for which the financial institution serves as trustee; or

17.13 (4) is a participant or a beneficiary of an employee benefit plan that the financial  
 17.14 institution sponsors or for which the financial institution acts as a trustee or fiduciary.

17.15 Subd. 5. **Continuing relationship.** (a) "Continuing relationship" means a consumer:

17.16 (1) has a credit or investment account with a financial institution;

17.17 (2) obtains a loan from a financial institution;

17.18 (3) purchases an insurance product from a financial institution;

17.19 (4) holds an investment product through a financial institution, including but not limited  
 17.20 to when the financial institution acts as a custodian for securities or for assets in an individual  
 17.21 retirement arrangement;

17.22 (5) enters into an agreement or understanding with a financial institution whereby the  
 17.23 financial institution undertakes to arrange or broker a home mortgage loan, or credit to  
 17.24 purchase a vehicle, for the consumer;

17.25 (6) enters into a lease of personal property on a nonoperating basis with a financial  
 17.26 institution;

17.27 (7) obtains financial, investment, or economic advisory services from a financial  
 17.28 institution for a fee;

17.29 (8) becomes a financial institution's client to obtain tax preparation or credit counseling  
 17.30 services from the financial institution;

18.1 (9) obtains career counseling while: (i) seeking employment with a financial institution  
 18.2 or the finance, accounting, or audit department of any company; or (ii) employed by a  
 18.3 financial institution or department of any company;

18.4 (10) is obligated on an account that a financial institution purchases from another financial  
 18.5 institution, regardless of whether the account is in default when purchased, unless the  
 18.6 financial institution does not locate the consumer or attempt to collect any amount from the  
 18.7 consumer on the account;

18.8 (11) obtains real estate settlement services from a financial institution; or

18.9 (12) has a loan for which a financial institution owns the servicing rights.

18.10 (b) Continuing relationship does not include situations where:

18.11 (1) the consumer obtains a financial product or service from a financial institution only  
 18.12 in isolated transactions, including but not limited to: (i) using a financial institution's  
 18.13 automated teller machine to withdraw cash from an account at another financial institution;  
 18.14 (ii) purchasing a money order from a financial institution; (iii) cashing a check with a  
 18.15 financial institution; or (iv) making a wire transfer through a financial institution;

55.9 (4) is a participant or a beneficiary of an employee benefit plan that the financial  
 55.10 institution sponsors or for which the financial institution acts as a trustee or fiduciary.

55.11 Subd. 5. **Continuing relationship.** (a) "Continuing relationship" means a consumer:

55.12 (1) has a credit or investment account with a financial institution;

55.13 (2) obtains a loan from a financial institution;

55.14 (3) purchases an insurance product from a financial institution;

55.15 (4) holds an investment product through a financial institution, including but not limited  
 55.16 to when the financial institution acts as a custodian for securities or for assets in an individual  
 55.17 retirement arrangement;

55.18 (5) enters into an agreement or understanding with a financial institution whereby the  
 55.19 financial institution undertakes to arrange or broker a home mortgage loan, or credit to  
 55.20 purchase a vehicle, for the consumer;

55.21 (6) enters into a lease of personal property on a nonoperating basis with a financial  
 55.22 institution;

55.23 (7) obtains financial, investment, or economic advisory services from a financial  
 55.24 institution for a fee;

55.25 (8) becomes a financial institution's client to obtain tax preparation or credit counseling  
 55.26 services from the financial institution;

55.27 (9) obtains career counseling while: (i) seeking employment with a financial institution  
 55.28 or the finance, accounting, or audit department of any company; or (ii) employed by a  
 55.29 financial institution or department of any company;

55.30 (10) is obligated on an account that a financial institution purchases from another financial  
 55.31 institution, regardless of whether the account is in default when purchased, unless the  
 56.1 financial institution does not locate the consumer or attempt to collect any amount from the  
 56.2 consumer on the account;

56.3 (11) obtains real estate settlement services from a financial institution; or

56.4 (12) has a loan for which a financial institution owns the servicing rights.

56.5 (b) Continuing relationship does not include situations where:

56.6 (1) the consumer obtains a financial product or service from a financial institution only  
 56.7 in isolated transactions, including but not limited to: (i) using a financial institution's  
 56.8 automated teller machine to withdraw cash from an account at another financial institution;  
 56.9 (ii) purchasing a money order from a financial institution; (iii) cashing a check with a  
 56.10 financial institution; or (iv) making a wire transfer through a financial institution;

18.16 (2) a financial institution sells the consumer's loan and does not retain the rights to service  
 18.17 the loan;

18.18 (3) a financial institution sells the consumer airline tickets, travel insurance, or traveler's  
 18.19 checks in isolated transactions;

18.20 (4) the consumer obtains onetime personal or real property appraisal services from a  
 18.21 financial institution; or

18.22 (5) the consumer purchases checks for a personal checking account from a financial  
 18.23 institution.

18.24 Subd. 6. **Customer.** "Customer" means a consumer who has a customer relationship  
 18.25 with a financial institution.

18.26 Subd. 7. **Customer information.** "Customer information" means any record containing  
 18.27 nonpublic personal information about a financial institution's customer, whether the record  
 18.28 is in paper, electronic, or another form, that is handled or maintained by or on behalf of the  
 18.29 financial institution or the financial institution's affiliates.

18.30 Subd. 8. **Customer relationship.** "Customer relationship" means a continuing relationship  
 18.31 between a consumer and a financial institution under which the financial institution provides  
 19.1 to the consumer one or more financial products or services that are used primarily for  
 19.2 personal, family, or household purposes.

19.3 Subd. 9. **Encryption.** "Encryption" means the transformation of data into a format that  
 19.4 results in a low probability of assigning meaning without the use of a protective process or  
 19.5 key, consistent with current cryptographic standards and accompanied by appropriate  
 19.6 safeguards for cryptographic key material.

19.7 Subd. 10. **Federally insured depository financial institution.** "Federally insured  
 19.8 depository financial institution" means a bank, credit union, savings and loan association,  
 19.9 trust company, savings association, savings bank, industrial bank, or industrial loan company  
 19.10 organized under the laws of the United States or any state of the United States, when the  
 19.11 bank, credit union, savings and loan association, trust company, savings association, savings  
 19.12 bank, industrial bank, or industrial loan company has federally insured deposits.

19.13 Subd. 11. **Financial product or service.** "Financial product or service" means any  
 19.14 product or service that a financial holding company could offer by engaging in a financial  
 19.15 activity under section 4(k) of the Bank Holding Company Act of 1956, United States Code,  
 19.16 title 12, section 1843(k). Financial product or service includes a financial institution's  
 19.17 evaluation or brokerage of information that the financial institution collects in connection  
 19.18 with a request or an application from a consumer for a financial product or service.

19.19 Subd. 12. **Financial institution.** "Financial institution" means a consumer small loan  
 19.20 lender under section 47.60, a person owning or maintaining electronic financial terminals  
 19.21 under section 47.62, a trust company under chapter 48A, a loan and thrift company under  
 19.22 chapter 53, a currency exchange under chapter 53A, a money transmitter under chapter 53B,

56.11 (2) a financial institution sells the consumer's loan and does not retain the rights to service  
 56.12 the loan;

56.13 (3) a financial institution sells the consumer airline tickets, travel insurance, or traveler's  
 56.14 checks in isolated transactions;

56.15 (4) the consumer obtains onetime personal or real property appraisal services from a  
 56.16 financial institution; or

56.17 (5) the consumer purchases checks for a personal checking account from a financial  
 56.18 institution.

56.19 Subd. 6. **Customer.** "Customer" means a consumer who has a customer relationship  
 56.20 with a financial institution.

56.21 Subd. 7. **Customer information.** "Customer information" means any record containing  
 56.22 nonpublic personal information about a financial institution's customer, whether the record  
 56.23 is in paper, electronic, or another form, that is handled or maintained by or on behalf of the  
 56.24 financial institution or the financial institution's affiliates.

56.25 Subd. 8. **Customer relationship.** "Customer relationship" means a continuing relationship  
 56.26 between a consumer and a financial institution under which the financial institution provides  
 56.27 to the consumer one or more financial products or services that are used primarily for  
 56.28 personal, family, or household purposes.

56.29 Subd. 9. **Encryption.** "Encryption" means the transformation of data into a format that  
 56.30 results in a low probability of assigning meaning without the use of a protective process or  
 56.31 key, consistent with current cryptographic standards and accompanied by appropriate  
 56.32 safeguards for cryptographic key material.

57.1 Subd. 10. **Federally insured depository financial institution.** "Federally insured  
 57.2 depository financial institution" means a bank, credit union, savings and loan association,  
 57.3 trust company, savings association, savings bank, industrial bank, or industrial loan company  
 57.4 organized under the laws of the United States or any state of the United States, when the  
 57.5 bank, credit union, savings and loan association, trust company, savings association, savings  
 57.6 bank, industrial bank, or industrial loan company has federally insured deposits.

57.7 Subd. 11. **Financial product or service.** "Financial product or service" means any  
 57.8 product or service that a financial holding company could offer by engaging in a financial  
 57.9 activity under section 4(k) of the Bank Holding Company Act of 1956, United States Code,  
 57.10 title 12, section 1843(k). Financial product or service includes a financial institution's  
 57.11 evaluation or brokerage of information that the financial institution collects in connection  
 57.12 with a request or an application from a consumer for a financial product or service.

57.13 Subd. 12. **Financial institution.** "Financial institution" means a consumer small loan  
 57.14 lender under section 47.60, a person owning or maintaining electronic financial terminals  
 57.15 under section 47.62, a trust company under chapter 48A, a loan and thrift company under  
 57.16 chapter 53, a currency exchange under chapter 53A, a money transmitter under chapter 53B,

19.23 a sales finance company under chapter 53C, a regulated loan lender under chapter 56, a  
 19.24 residential mortgage originator or servicer under chapter 58, a student loan servicer under  
 19.25 chapter 58B, a credit service organization under section 332.54, a debt management service  
 19.26 provider or person providing debt management services under chapter 332A, or a debt  
 19.27 settlement service provider or person providing debt settlement services under chapter 332B.

19.28 Subd. 13. **Information security program.** "Information security program" means the  
 19.29 administrative, technical, or physical safeguards a financial institution uses to access, collect,  
 19.30 distribute, process, protect, store, use, transmit, dispose of, or otherwise handle customer  
 19.31 information.

19.32 Subd. 14. **Information system.** "Information system" means a discrete set of electronic  
 19.33 information resources organized to collect, process, maintain, use, share, disseminate, or  
 19.34 dispose of electronic information, as well as any specialized system, including but not  
 20.1 limited to industrial process controls systems, telephone switching and private branch  
 20.2 exchange systems, and environmental controls systems, that contains customer information  
 20.3 or that is connected to a system that contains customer information.

20.4 Subd. 15. **Multifactor authentication.** "Multifactor authentication" means authentication  
 20.5 through verification of at least two of the following factors:

20.6 (1) knowledge factors, including but not limited to a password;

20.7 (2) possession factors, including but not limited to a token; or

20.8 (3) inherence factors, including but not limited to biometric characteristics.

20.9 Subd. 16. **Nonpublic personal information.** (a) "Nonpublic personal information"  
 20.10 means:

20.11 (1) personally identifiable financial information; or

20.12 (2) any list, description, or other grouping of consumers, including publicly available  
 20.13 information pertaining to the list, description, or other grouping of consumers, that is derived  
 20.14 using personally identifiable financial information that is not publicly available.

20.15 (b) Nonpublic personal information includes but is not limited to any list of individuals'  
 20.16 names and street addresses that is derived in whole or in part using personally identifiable  
 20.17 financial information that is not publicly available, including account numbers.

20.18 (c) Nonpublic personal information does not include:

20.19 (1) publicly available information, except as included on a list described in paragraph  
 20.20 (a), clause (2);

20.21 (2) any list, description, or other grouping of consumers, including publicly available  
 20.22 information pertaining to the list, description, or other grouping of consumers, that is derived

57.17 a sales finance company under chapter 53C, a regulated loan lender under chapter 56, a  
 57.18 residential mortgage originator or servicer under chapter 58, a student loan servicer under  
 57.19 chapter 58B, a credit service organization under section 332.54, a debt management service  
 57.20 provider or person providing debt management services under chapter 332A, or a debt  
 57.21 settlement service provider or person providing debt settlement services under chapter 332B.

57.22 Subd. 13. **Information security program.** "Information security program" means the  
 57.23 administrative, technical, or physical safeguards a financial institution uses to access, collect,  
 57.24 distribute, process, protect, store, use, transmit, dispose of, or otherwise handle customer  
 57.25 information.

57.26 Subd. 14. **Information system.** "Information system" means a discrete set of electronic  
 57.27 information resources organized to collect, process, maintain, use, share, disseminate, or  
 57.28 dispose of electronic information, as well as any specialized system, including but not  
 57.29 limited to industrial process controls systems, telephone switching and private branch  
 57.30 exchange systems, and environmental controls systems, that contains customer information  
 57.31 or that is connected to a system that contains customer information.

57.32 Subd. 15. **Multifactor authentication.** "Multifactor authentication" means authentication  
 57.33 through verification of at least two of the following factors:

57.34 (1) knowledge factors, including but not limited to a password;

58.1 (2) possession factors, including but not limited to a token; or

58.2 (3) inherence factors, including but not limited to biometric characteristics.

58.3 Subd. 16. **Nonpublic personal information.** (a) "Nonpublic personal information"  
 58.4 means:

58.5 (1) personally identifiable financial information; or

58.6 (2) any list, description, or other grouping of consumers, including publicly available  
 58.7 information pertaining to the list, description, or other grouping of consumers, that is derived  
 58.8 using personally identifiable financial information that is not publicly available.

58.9 (b) Nonpublic personal information includes but is not limited to any list of individuals'  
 58.10 names and street addresses that is derived in whole or in part using personally identifiable  
 58.11 financial information that is not publicly available, including account numbers.

58.12 (c) Nonpublic personal information does not include:

58.13 (1) publicly available information, except as included on a list described in paragraph  
 58.14 (a), clause (2);

58.15 (2) any list, description, or other grouping of consumers, including publicly available  
 58.16 information pertaining to the list, description, or other grouping of consumers, that is derived

20.23 without using any personally identifiable financial information that is not publicly available;  
 20.24 or

20.25 (3) any list of individuals' names and addresses that contains only publicly available  
 20.26 information, is not derived in whole or in part using personally identifiable financial  
 20.27 information that is not publicly available, and is not disclosed in a manner that indicates  
 20.28 that any individual on the list is the financial institution's consumer.

20.29 Subd. 17. **Notification event.** "Notification event" means the acquisition of unencrypted  
 20.30 customer information without the authorization of the individual to which the information  
 20.31 pertains. Customer information is considered unencrypted for purposes of this subdivision  
 20.32 if the encryption key was accessed by an unauthorized person. Unauthorized acquisition is  
 21.1 presumed to include unauthorized access to unencrypted customer information unless the  
 21.2 financial institution has reliable evidence showing that there has not been, or could not  
 21.3 reasonably have been, unauthorized acquisition of customer information.

21.4 Subd. 18. **Penetration testing.** "Penetration testing" means a test methodology in which  
 21.5 assessors attempt to circumvent or defeat the security features of an information system by  
 21.6 attempting to penetrate databases or controls from outside or inside a financial institution's  
 21.7 information systems.

21.8 Subd. 19. **Personally identifiable financial information.** (a) "Personally identifiable  
 21.9 financial information" means any information:

21.10 (1) a consumer provides to a financial institution to obtain a financial product or service;  
 21.11 (2) about a consumer resulting from any transaction involving a financial product or  
 21.12 service between a financial institution and a consumer; or

21.13 (3) a financial institution otherwise obtains about a consumer in connection with providing  
 21.14 a financial product or service to the customer.

21.15 (b) Personally identifiable financial information includes:

21.16 (1) information a consumer provides to a financial institution on an application to obtain  
 21.17 a loan, credit card, or other financial product or service;

21.18 (2) account balance information, payment history, overdraft history, and credit or debit  
 21.19 card purchase information;

21.20 (3) the fact that an individual is or has been a financial institution's customer or has  
 21.21 obtained a financial product or service from the financial institution;

21.22 (4) any information about a financial institution's consumer, if the information is disclosed  
 21.23 in a manner that indicates that the individual is or has been the financial institution's  
 21.24 consumer;

58.17 without using any personally identifiable financial information that is not publicly available;  
 58.18 or

58.19 (3) any list of individuals' names and addresses that contains only publicly available  
 58.20 information, is not derived in whole or in part using personally identifiable financial  
 58.21 information that is not publicly available, and is not disclosed in a manner that indicates  
 58.22 that any individual on the list is the financial institution's consumer.

58.23 Subd. 17. **Notification event.** "Notification event" means the acquisition of unencrypted  
 58.24 customer information without the authorization of the individual to which the information  
 58.25 pertains. Customer information is considered unencrypted for purposes of this subdivision  
 58.26 if the encryption key was accessed by an unauthorized person. Unauthorized acquisition is  
 58.27 presumed to include unauthorized access to unencrypted customer information unless the  
 58.28 financial institution has reliable evidence showing that there has not been, or could not  
 58.29 reasonably have been, unauthorized acquisition of customer information.

58.30 Subd. 18. **Penetration testing.** "Penetration testing" means a test methodology in which  
 58.31 assessors attempt to circumvent or defeat the security features of an information system by  
 59.1 attempting to penetrate databases or controls from outside or inside a financial institution's  
 59.2 information systems.

59.3 Subd. 19. **Personally identifiable financial information.** (a) "Personally identifiable  
 59.4 financial information" means any information:

59.5 (1) a consumer provides to a financial institution to obtain a financial product or service;  
 59.6 (2) about a consumer resulting from any transaction involving a financial product or  
 59.7 service between a financial institution and a consumer; or

59.8 (3) a financial institution otherwise obtains about a consumer in connection with providing  
 59.9 a financial product or service to the customer.

59.10 (b) Personally identifiable financial information includes:

59.11 (1) information a consumer provides to a financial institution on an application to obtain  
 59.12 a loan, credit card, or other financial product or service;

59.13 (2) account balance information, payment history, overdraft history, and credit or debit  
 59.14 card purchase information;

59.15 (3) the fact that an individual is or has been a financial institution's customer or has  
 59.16 obtained a financial product or service from the financial institution;

59.17 (4) any information about a financial institution's consumer, if the information is disclosed  
 59.18 in a manner that indicates that the individual is or has been the financial institution's  
 59.19 consumer;

21.25 (5) any information that a consumer provides to a financial institution or that a financial  
 21.26 institution or a financial institution's agent otherwise obtains in connection with collecting  
 21.27 on or servicing a credit account;

21.28 (6) any information a financial institution collects through an Internet information  
 21.29 collecting device from a web server; and

21.30 (7) information from a consumer report.

21.31 (c) Personally identifiable financial information does not include:

22.1 (1) a list of customer names and addresses for an entity that is not a financial institution;  
 22.2 and

22.3 (2) information that does not identify a consumer, including but not limited to aggregate  
 22.4 information or blind data that does not contain personal identifiers, including account  
 22.5 numbers, names, or addresses.

22.6 Subd. 20. Publicly available information. (a) "Publicly available information" means  
 22.7 any information that a financial institution has a reasonable basis to believe is lawfully made  
 22.8 available to the general public from:

22.9 (1) federal, state, or local government records;

22.10 (2) widely distributed media; or

22.11 (3) disclosures to the general public that are required under federal, state, or local law.

22.12 (b) Publicly available information includes but is not limited to:

22.13 (1) with respect to government records, information in government real estate records  
 22.14 and security interest filings; and

22.15 (2) with respect to widely distributed media, information from a telephone book, a  
 22.16 television or radio program, a newspaper, or a website that is available to the general public  
 22.17 on an unrestricted basis. A website is not restricted merely because an Internet service  
 22.18 provider or a site operator requires a fee or a password, provided that access is available to  
 22.19 the general public.

22.20 (c) For purposes of this subdivision, a financial institution has a reasonable basis to  
 22.21 believe that information is lawfully made available to the general public if the financial  
 22.22 institution has taken steps to determine: (1) that the information is of the type that is available  
 22.23 to the general public; and (2) whether an individual can direct that the information not be  
 22.24 made available to the general public and, if so, that the financial institution's consumer has  
 22.25 not directed that the information not be made available to the general public. A financial  
 22.26 institution has a reasonable basis to believe that mortgage information is lawfully made  
 22.27 available to the general public if the financial institution determines the information is of  
 22.28 the type included on the public record in the jurisdiction where the mortgage would be  
 22.29 recorded. A financial institution has a reasonable basis to believe that an individual's

59.20 (5) any information that a consumer provides to a financial institution or that a financial  
 59.21 institution or a financial institution's agent otherwise obtains in connection with collecting  
 59.22 on or servicing a credit account;

59.23 (6) any information a financial institution collects through an Internet information  
 59.24 collecting device from a web server; and

59.25 (7) information from a consumer report.

59.26 (c) Personally identifiable financial information does not include:

59.27 (1) a list of customer names and addresses for an entity that is not a financial institution;  
 59.28 and

59.29 (2) information that does not identify a consumer, including but not limited to aggregate  
 59.30 information or blind data that does not contain personal identifiers, including account  
 59.31 numbers, names, or addresses.

60.1 Subd. 20. Publicly available information. (a) "Publicly available information" means  
 60.2 any information that a financial institution has a reasonable basis to believe is lawfully made  
 60.3 available to the general public from:

60.4 (1) federal, state, or local government records;

60.5 (2) widely distributed media; or

60.6 (3) disclosures to the general public that are required under federal, state, or local law.

60.7 (b) Publicly available information includes but is not limited to:

60.8 (1) with respect to government records, information in government real estate records  
 60.9 and security interest filings; and

60.10 (2) with respect to widely distributed media, information from a telephone book, a  
 60.11 television or radio program, a newspaper, or a website that is available to the general public  
 60.12 on an unrestricted basis. A website is not restricted merely because an Internet service  
 60.13 provider or a site operator requires a fee or a password, provided that access is available to  
 60.14 the general public.

60.15 (c) For purposes of this subdivision, a financial institution has a reasonable basis to  
 60.16 believe that information is lawfully made available to the general public if the financial  
 60.17 institution has taken steps to determine: (1) that the information is of the type that is available  
 60.18 to the general public; and (2) whether an individual can direct that the information not be  
 60.19 made available to the general public and, if so, that the financial institution's consumer has  
 60.20 not directed that the information not be made available to the general public. A financial  
 60.21 institution has a reasonable basis to believe that mortgage information is lawfully made  
 60.22 available to the general public if the financial institution determines the information is of  
 60.23 the type included on the public record in the jurisdiction where the mortgage would be  
 60.24 recorded. A financial institution has a reasonable basis to believe that an individual's

22.30 telephone number is lawfully made available to the general public if the financial institution  
 22.31 has located the telephone number in the telephone book or the consumer has informed the  
 22.32 financial institution that the telephone number is not unlisted.

23.1 Subd. 21. **Qualified individual.** "Qualified individual" means the individual designated  
 23.2 by a financial institution to oversee, implement, and enforce the financial institution's  
 23.3 information security program.

23.4 Subd. 22. **Security event.** "Security event" means an event resulting in unauthorized  
 23.5 access to, or disruption or misuse of: (1) an information system or information stored on an  
 23.6 information system; or (2) customer information held in physical form.

23.7 Subd. 23. **Service provider.** "Service provider" means any person or entity that receives,  
 23.8 maintains, processes, or otherwise is permitted access to customer information through the  
 23.9 service provider's provision of services directly to a financial institution that is subject to  
 23.10 this chapter.

23.11 Sec. 2. **[46A.02] SAFEGUARDING CUSTOMER INFORMATION; STANDARDS.**

23.12 Subdivision 1. **Information security program.** (a) A financial institution must develop,  
 23.13 implement, and maintain a comprehensive information security program.

23.14 (b) The information security program must: (1) be written in one or more readily  
 23.15 accessible parts; and (2) contain administrative, technical, and physical safeguards that are  
 23.16 appropriate to the financial institution's size and complexity, the nature and scope of the  
 23.17 financial institution's activities, and the sensitivity of any customer information at issue.

23.18 (c) The information security program must include the elements set forth in section  
 23.19 46A.03 and must be reasonably designed to achieve the objectives of this chapter, as  
 23.20 established under subdivision 2.

23.21 Subd. 2. **Objectives.** The objectives of this chapter are to:

23.22 (1) ensure the security and confidentiality of customer information;

23.23 (2) protect against any anticipated threats or hazards to the security or integrity of  
 23.24 customer information; and

23.25 (3) protect against unauthorized access to or use of customer information that might  
 23.26 result in substantial harm or inconvenience to a customer.

23.27 Sec. 3. **[46A.03] ELEMENTS.**

23.28 Subdivision 1. **Generally.** In order to develop, implement, and maintain an information  
 23.29 security program, a financial institution must comply with this section.

23.30 Subd. 2. **Qualified individual.** (a) A financial institution must designate a qualified  
 23.31 individual responsible for overseeing, implementing, and enforcing the financial institution's

60.25 telephone number is lawfully made available to the general public if the financial institution  
 60.26 has located the telephone number in the telephone book or the consumer has informed the  
 60.27 financial institution that the telephone number is not unlisted.

60.28 Subd. 21. **Qualified individual.** "Qualified individual" means the individual designated  
 60.29 by a financial institution to oversee, implement, and enforce the financial institution's  
 60.30 information security program.

60.31 Subd. 22. **Security event.** "Security event" means an event resulting in unauthorized  
 60.32 access to, or disruption or misuse of: (1) an information system or information stored on an  
 60.33 information system; or (2) customer information held in physical form.

61.1 Subd. 23. **Service provider.** "Service provider" means any person or entity that receives,  
 61.2 maintains, processes, or otherwise is permitted access to customer information through the  
 61.3 service provider's provision of services directly to a financial institution that is subject to  
 61.4 this chapter.

61.5 Sec. 2. **[46A.02] SAFEGUARDING CUSTOMER INFORMATION; STANDARDS.**

61.6 Subdivision 1. **Information security program.** (a) A financial institution must develop,  
 61.7 implement, and maintain a comprehensive information security program.

61.8 (b) The information security program must: (1) be written in one or more readily  
 61.9 accessible parts; and (2) contain administrative, technical, and physical safeguards that are  
 61.10 appropriate to the financial institution's size and complexity, the nature and scope of the  
 61.11 financial institution's activities, and the sensitivity of any customer information at issue.

61.12 (c) The information security program must include the elements set forth in section  
 61.13 46A.03 and must be reasonably designed to achieve the objectives of this chapter, as  
 61.14 established under subdivision 2.

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 61.18 customer information; and

61.19 (3) protect against unauthorized access to or use of customer information that might  
 61.20 result in substantial harm or inconvenience to a customer.

61.21 Sec. 3. **[46A.03] ELEMENTS.**

61.22 Subdivision 1. **Generally.** In order to develop, implement, and maintain an information  
 61.23 security program, a financial institution must comply with this section.

61.24 Subd. 2. **Qualified individual.** (a) A financial institution must designate a qualified  
 61.25 individual responsible for overseeing, implementing, and enforcing the financial institution's

24.1 information security program. The qualified individual may be employed by the financial  
 24.2 institution, an affiliate, or a service provider.

24.3 (b) If a financial institution designates an individual employed by an affiliate or service  
 24.4 provider as the financial institution's qualified individual, the financial institution must:

24.5 (1) retain responsibility for complying with this chapter;

24.6 (2) designate a senior member of the financial institution's personnel to be responsible  
 24.7 for directing and overseeing the qualified individual's activities; and

24.8 (3) require the service provider or affiliate to maintain an information security program  
 24.9 that protects the financial institution in a manner that complies with the requirements of  
 24.10 this chapter.

24.11 Subd. 3. **Security risk assessment.** (a) A financial institution must base the financial  
 24.12 institution's information security program on a risk assessment that:

24.13 (1) identifies reasonably foreseeable internal and external risks to the security,  
 24.14 confidentiality, and integrity of customer information that might result in the unauthorized  
 24.15 disclosure, misuse, alteration, destruction, or other compromise of customer information;  
 24.16 and

24.17 (2) assesses the sufficiency of any safeguards in place to control the risks identified  
 24.18 under clause (1).

24.19 (b) The risk assessment must be made in writing and must include:

24.20 (1) criteria to evaluate and categorize identified security risks or threats the financial  
 24.21 institution faces;

24.22 (2) criteria to assess the confidentiality, integrity, and availability of the financial  
 24.23 institution's information systems and customer information, including the adequacy of  
 24.24 existing controls in the context of the identified risks or threats the financial institution  
 24.25 faces; and

24.26 (3) requirements describing how:

24.27 (i) identified risks are mitigated or accepted based on the risk assessment; and

24.28 (ii) the information security program addresses the risks.

24.29 (c) A financial institution must periodically perform additional risk assessments that:

24.30 (1) reexamine the reasonably foreseeable internal and external risks to the security,  
 24.31 confidentiality, and integrity of customer information that might result in the unauthorized  
 25.1 disclosure, misuse, alteration, destruction, or other compromise of customer information;  
 25.2 and

61.26 information security program. The qualified individual may be employed by the financial  
 61.27 institution, an affiliate, or a service provider.

61.28 (b) If a financial institution designates an individual employed by an affiliate or service  
 61.29 provider as the financial institution's qualified individual, the financial institution must:

61.30 (1) retain responsibility for complying with this chapter;

62.1 (2) designate a senior member of the financial institution's personnel to be responsible  
 62.2 for directing and overseeing the qualified individual's activities; and

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 62.4 that protects the financial institution in a manner that complies with the requirements of  
 62.5 this chapter.

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 62.7 institution's information security program on a risk assessment that:

62.8 (1) identifies reasonably foreseeable internal and external risks to the security,  
 62.9 confidentiality, and integrity of customer information that might result in the unauthorized  
 62.10 disclosure, misuse, alteration, destruction, or other compromise of customer information;  
 62.11 and

62.12 (2) assesses the sufficiency of any safeguards in place to control the risks identified  
 62.13 under clause (1).

62.14 (b) The risk assessment must be made in writing and must include:

62.15 (1) criteria to evaluate and categorize identified security risks or threats the financial  
 62.16 institution faces;

62.17 (2) criteria to assess the confidentiality, integrity, and availability of the financial  
 62.18 institution's information systems and customer information, including the adequacy of  
 62.19 existing controls in the context of the identified risks or threats the financial institution  
 62.20 faces; and

62.21 (3) requirements describing how:

62.22 (i) identified risks are mitigated or accepted based on the risk assessment; and

62.23 (ii) the information security program addresses the risks.

62.24 (c) A financial institution must periodically perform additional risk assessments that:

62.25 (1) reexamine the reasonably foreseeable internal and external risks to the security,  
 62.26 confidentiality, and integrity of customer information that might result in the unauthorized  
 62.27 disclosure, misuse, alteration, destruction, or other compromise of customer information;  
 62.28 and

25.3 (2) reassess the sufficiency of any safeguards in place to control the risks identified  
 25.4 under clause (1).

25.5 Subd. 4. **Risk control.** A financial institution must design and implement safeguards to  
 25.6 control the risks the financial institution identifies through the risk assessment under  
 25.7 subdivision 3, including by:

25.8 (1) implementing and periodically reviewing access controls, including technical and,  
 25.9 as appropriate, physical controls to:

25.10 (i) authenticate and permit access only to authorized users to protect against the  
 25.11 unauthorized acquisition of customer information; and

25.12 (ii) limit an authorized user's access to only customer information that the authorized  
 25.13 user needs to perform the authorized user's duties and functions or, in the case of a customer,  
 25.14 to limit access to the customer's own information;

25.15 (2) identifying and managing the data, personnel, devices, systems, and facilities that  
 25.16 enable the financial institution to achieve business purposes in accordance with the business  
 25.17 purpose's relative importance to business objectives and the financial institution's risk  
 25.18 strategy;

25.19 (3) protecting by encryption all customer information held or transmitted by the financial  
 25.20 institution both in transit over external networks and at rest. To the extent a financial  
 25.21 institution determines that encryption of customer information either in transit over external  
 25.22 networks or at rest is infeasible, the financial institution may secure the customer information  
 25.23 using effective alternative compensating controls that have been reviewed and approved by  
 25.24 the financial institution's qualified individual;

25.25 (4) adopting: (i) secure development practices for in-house developed applications  
 25.26 utilized by the financial institution to transmit, access, or store customer information; and  
 25.27 (ii) procedures to evaluate, assess, or test the security of externally developed applications  
 25.28 the financial institution uses to transmit, access, or store customer information;

25.29 (5) implementing multifactor authentication for any individual that accesses any  
 25.30 information system, unless the financial institution's qualified individual has approved in  
 25.31 writing the use of a reasonably equivalent or more secure access control;

25.32 (6) developing, implementing, and maintaining procedures to securely dispose of  
 25.33 customer information in any format no later than two years after the last date the information  
 26.1 is used in connection with providing a product or service to the customer **which** relates,  
 26.2 unless: (i) the information is necessary for business operations or for other legitimate business  
 26.3 purposes; (ii) is otherwise required to be retained by law or regulation; or (iii) if targeted  
 26.4 disposal of the information is not reasonably feasible due to the manner in which the  
 26.5 information is maintained;

62.29 (2) reassess the sufficiency of any safeguards in place to control the risks identified  
 62.30 under clause (1).

63.1 Subd. 4. **Risk control.** A financial institution must design and implement safeguards to  
 63.2 control the risks the financial institution identifies through the risk assessment under  
 63.3 subdivision 3, including by:

63.4 (1) implementing and periodically reviewing access controls, including technical and,  
 63.5 as appropriate, physical controls to:

63.6 (i) authenticate and permit access only to authorized users to protect against the  
 63.7 unauthorized acquisition of customer information; and

63.8 (ii) limit an authorized user's access to only customer information that the authorized  
 63.9 user needs to perform the authorized user's duties and functions or, in the case of a customer,  
 63.10 to limit access to the customer's own information;

63.11 (2) identifying and managing the data, personnel, devices, systems, and facilities that  
 63.12 enable the financial institution to achieve business purposes in accordance with the business  
 63.13 purpose's relative importance to business objectives and the financial institution's risk  
 63.14 strategy;

63.15 (3) protecting by encryption all customer information held or transmitted by the financial  
 63.16 institution both in transit over external networks and at rest. To the extent a financial  
 63.17 institution determines that encryption of customer information either in transit over external  
 63.18 networks or at rest is infeasible, the financial institution may secure the customer information  
 63.19 using effective alternative compensating controls that have been reviewed and approved by  
 63.20 the financial institution's qualified individual;

63.21 (4) adopting: (i) secure development practices for in-house developed applications  
 63.22 utilized by the financial institution to transmit, access, or store customer information; and  
 63.23 (ii) procedures to evaluate, assess, or test the security of externally developed applications  
 63.24 the financial institution uses to transmit, access, or store customer information;

63.25 (5) implementing multifactor authentication for any individual that accesses any  
 63.26 information system, unless the financial institution's qualified individual has approved in  
 63.27 writing the use of a reasonably equivalent or more secure access control;

63.28 (6) developing, implementing, and maintaining procedures to securely dispose of  
 63.29 customer information in any format no later than two years after the last date the information  
 63.30 is used in connection with providing a product or service to the customer **to whom the**  
 63.31 **information** relates, unless: (i) the information is necessary for business operations or for  
 63.32 other legitimate business purposes; (ii) **the information** is otherwise required to be retained  
 64.1 by law or regulation; or (iii) if targeted disposal of the information is not reasonably feasible  
 64.2 due to the manner in which the information is maintained;

26.6 (7) periodically reviewing the financial institution's data retention policy to minimize  
 26.7 the unnecessary retention of data;

26.8 (8) adopting procedures for change management; and

26.9 (9) implementing policies, procedures, and controls designed to: (i) monitor and log the  
 26.10 activity of authorized users; and (ii) detect unauthorized access to, use of, or tampering with  
 26.11 customer information by authorized users.

26.12 **Subd. 5. Testing and monitoring.** (a) A financial institution must regularly test or  
 26.13 otherwise monitor the effectiveness of the safeguards' key controls, systems, and procedures,  
 26.14 including the controls, systems, and procedures that detect actual and attempted attacks on,  
 26.15 or intrusions into, information systems.

26.16 (b) For information systems, monitoring and testing must include continuous monitoring  
 26.17 or periodic penetration testing and vulnerability assessments. Absent effective continuous  
 26.18 monitoring or other systems to detect on an ongoing basis any changes in information  
 26.19 systems that may create vulnerabilities, a financial institution must conduct:

26.20 (1) annual penetration testing of the financial institution's information systems, based  
 26.21 on relevant identified risks in accordance with the risk assessment; and

26.22 (2) vulnerability assessments, including systemic scans or information systems reviews  
 26.23 that are reasonably designed to identify publicly known security vulnerabilities in the  
 26.24 financial institution's information systems based on the risk assessment, at least every six  
 26.25 months, whenever a material change to the financial institution's operations or business  
 26.26 arrangements occurs, and whenever the financial institution knows or has reason to know  
 26.27 circumstances exist that may have a material impact on the financial institution's information  
 26.28 security program.

26.29 **Subd. 6. Internal policies and procedures.** A financial institution must implement  
 26.30 policies and procedures to ensure that the financial institution's personnel are able to enact  
 26.31 the financial institution's information security program by:

26.32 (1) providing the financial institution's personnel with security awareness training that  
 26.33 is updated as necessary to reflect risks identified by the risk assessment;

27.1 (2) utilizing qualified information security personnel employed by the financial institution,  
 27.2 an affiliate, or a service provider sufficient to manage the financial institution's information  
 27.3 security risks and to perform or oversee the information security program;

27.4 (3) providing information security personnel with security updates and training sufficient  
 27.5 to address relevant security risks; and

27.6 (4) verifying that key information security personnel take steps to maintain current  
 27.7 knowledge of changing information security threats and countermeasures.

64.3 (7) periodically reviewing the financial institution's data retention policy to minimize  
 64.4 the unnecessary retention of data;

64.5 (8) adopting procedures for change management; and

64.6 (9) implementing policies, procedures, and controls designed to: (i) monitor and log the  
 64.7 activity of authorized users; and (ii) detect unauthorized access to, use of, or tampering with  
 64.8 customer information by authorized users.

64.9 **Subd. 5. Testing and monitoring.** (a) A financial institution must regularly test or  
 64.10 otherwise monitor the effectiveness of the safeguards' key controls, systems, and procedures,  
 64.11 including the controls, systems, and procedures that detect actual and attempted attacks on,  
 64.12 or intrusions into, information systems.

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 64.14 or periodic penetration testing and vulnerability assessments. Absent effective continuous  
 64.15 monitoring or other systems to detect on an ongoing basis any changes in information  
 64.16 systems that may create vulnerabilities, a financial institution must conduct:

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 64.18 on relevant identified risks in accordance with the risk assessment; and

64.19 (2) vulnerability assessments, including systemic scans or information systems reviews  
 64.20 that are reasonably designed to identify publicly known security vulnerabilities in the  
 64.21 financial institution's information systems based on the risk assessment, at least every six  
 64.22 months, whenever a material change to the financial institution's operations or business  
 64.23 arrangements occurs, and whenever the financial institution knows or has reason to know  
 64.24 circumstances exist that may have a material impact on the financial institution's information  
 64.25 security program.

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 64.32 an affiliate, or a service provider sufficient to manage the financial institution's information  
 64.33 security risks and to perform or oversee the information security program;

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 65.2 to address relevant security risks; and

65.3 (4) verifying that key information security personnel take steps to maintain current  
 65.4 knowledge of changing information security threats and countermeasures.

27.8 Subd. 7. **Provider oversight.** A financial institution must oversee service providers by:

27.9 (1) taking reasonable steps to select and retain service providers that are capable of

27.10 maintaining appropriate safeguards for the customer information at issue;

27.11 (2) requiring by contract the financial institution's service providers to implement and

27.12 maintain appropriate safeguards; and

27.13 (3) periodically assessing the financial institution's service providers based on the risk

27.14 the service providers present and the continued adequacy of the service providers' safeguards.

27.15 Subd. 8. **Information security program; evaluation; adjustment.** A financial institution

27.16 must evaluate and adjust the financial institution's information security program to reflect:

27.17 (1) the results of the testing and monitoring required under subdivision 5; (2) any material

27.18 changes to the financial institution's operations or business arrangements; (3) the results of

27.19 risk assessments performed under subdivision 3, paragraph (c); or (4) any other circumstances

27.20 that the financial institution knows or has reason to know may have a material impact on

27.21 the financial institution's information security program.

27.22 Subd. 9. **Incident response plan.** A financial institution must establish a written incident

27.23 response plan designed to promptly respond to and recover from any security event materially

27.24 affecting the confidentiality, integrity, or availability of customer information the financial

27.25 institution controls. An incident response plan must address:

27.26 (1) the goals of the incident response plan;

27.27 (2) the internal processes to respond to a security event;

27.28 (3) clear roles, responsibilities, and levels of decision making authority;

27.29 (4) external and internal communications and information sharing;

27.30 (5) requirements to remediate any identified weaknesses in information systems and

27.31 associated controls;

28.1 (6) documentation and reporting regarding security events and related incident response

28.2 activities; and

28.3 (7) evaluation and revision of the incident response plan as necessary after a security

28.4 event.

28.5 Subd. 10. **Annual report.** (a) A financial institution must require the financial institution's

28.6 qualified individual to report at least annually in writing to the financial institution's board

28.7 of directors or equivalent governing body. If a board of directors or equivalent governing

28.8 body does not exist, the report under this subdivision must be timely presented to a senior

28.9 officer responsible for the financial institution's information security program.

28.10 (b) The report made under this subdivision must include the following information:

65.5 Subd. 7. **Provider oversight.** A financial institution must oversee service providers by:

65.6 (1) taking reasonable steps to select and retain service providers that are capable of

65.7 maintaining appropriate safeguards for the customer information at issue;

65.8 (2) requiring by contract the financial institution's service providers to implement and

65.9 maintain appropriate safeguards; and

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65.11 the service providers present and the continued adequacy of the service providers' safeguards.

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65.13 must evaluate and adjust the financial institution's information security program to reflect:

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65.15 changes to the financial institution's operations or business arrangements; (3) the results of

65.16 risk assessments performed under subdivision 3, paragraph (c); or (4) any other circumstances

65.17 that the financial institution knows or has reason to know may have a material impact on

65.18 the financial institution's information security program.

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65.20 response plan designed to promptly respond to and recover from any security event materially

65.21 affecting the confidentiality, integrity, or availability of customer information the financial

65.22 institution controls. An incident response plan must address:

65.23 (1) the goals of the incident response plan;

65.24 (2) the internal processes to respond to a security event;

65.25 (3) clear roles, responsibilities, and levels of decision making authority;

65.26 (4) external and internal communications and information sharing;

65.27 (5) requirements to remediate any identified weaknesses in information systems and

65.28 associated controls;

65.29 (6) documentation and reporting regarding security events and related incident response

65.30 activities; and

66.1 (7) evaluation and revision of the incident response plan as necessary after a security

66.2 event.

66.3 Subd. 10. **Annual report.** (a) A financial institution must require the financial institution's

66.4 qualified individual to report at least annually in writing to the financial institution's board

66.5 of directors or equivalent governing body. If a board of directors or equivalent governing

66.6 body does not exist, the report under this subdivision must be timely presented to a senior

66.7 officer responsible for the financial institution's information security program.

66.8 (b) The report made under this subdivision must include the following information:

28.11 (1) the overall status of the financial institution's information security program, including  
28.12 compliance with this chapter and associated administrative rules; and

28.13 (2) material matters related to the financial institution's information security program,  
28.14 including but not limited to addressing issues pertaining to: (i) the risk assessment; (ii) risk  
28.15 management and control decisions; (iii) service provider arrangements; (iv) testing results;  
28.16 (v) security events or violations and management's responses to the security event or  
28.17 violation; and (vi) recommendations for changes in the information security program.

28.18 Subd. 11. **Business continuity; disaster recovery.** A financial institution must establish  
28.19 a written plan addressing business continuity and disaster recovery.

28.20 Sec. 4. **[46A.04] EXCEPTIONS AND EXEMPTIONS.**

28.21 (a) The requirements under section 46A.03, subdivisions 3; 5, paragraph (a); 9; and 10,  
28.22 do not apply to financial institutions that maintain customer information concerning fewer  
28.23 than 5,000 consumers.

28.24 (b) This chapter does not apply to credit unions or federally insured depository  
28.25 institutions.

28.26 Sec. 5. **[46A.05] ALTERATION OF FEDERAL REGULATION.**

28.27 (a) If an amendment to Code of Federal Regulations, title 16, part 314, results in a  
28.28 complete lack of federal regulations in the area, the version of the state requirements in  
28.29 effect at the time of the amendment remain in effect for two years from the date the  
28.30 amendment becomes effective.

29.1 (b) During the time period under paragraph (a), the department must adopt replacement  
29.2 administrative rules as necessary and appropriate.

29.3 Sec. 6. **[46A.06] NOTIFICATION EVENT.**

29.4 Subdivision 1. **Notification requirement.** (a) Upon discovering a notification event as  
29.5 described in subdivision 2, if the notification event involves the information of at least 500  
29.6 consumers, a financial institution must notify the commissioner without undue delay, but  
29.7 no later than 45 days after the date the event is discovered. The notice must be made (1) in  
29.8 a format specified by the commissioner, and (2) electronically on a form located on the  
29.9 department's website.

29.10 (b) The notice must include:

29.11 (1) the name and contact information of the reporting financial institution;

29.12 (2) a description of the types of information involved in the notification event;

29.13 (3) if possible to determine, the date or date range of the notification event;

29.14 (4) the number of consumers affected or potentially affected by the notification event;

66.9 (1) the overall status of the financial institution's information security program, including  
66.10 compliance with this chapter and associated administrative rules; and

66.11 (2) material matters related to the financial institution's information security program,  
66.12 including but not limited to addressing issues pertaining to: (i) the risk assessment; (ii) risk  
66.13 management and control decisions; (iii) service provider arrangements; (iv) testing results;  
66.14 (v) security events or violations and management's responses to the security event or  
66.15 violation; and (vi) recommendations for changes in the information security program.

66.16 Subd. 11. **Business continuity; disaster recovery.** A financial institution must establish  
66.17 a written plan addressing business continuity and disaster recovery.

66.18 Sec. 4. **[46A.04] EXCEPTIONS AND EXEMPTIONS.**

66.19 (a) The requirements under section 46A.03, subdivisions 3; 5, paragraph (a); 9; and 10,  
66.20 do not apply to financial institutions that maintain customer information concerning fewer  
66.21 than 5,000 consumers.

66.22 (b) This chapter does not apply to credit unions or federally insured depository  
66.23 institutions.

66.24 Sec. 5. **[46A.05] ALTERATION OF FEDERAL REGULATION.**

66.25 (a) If an amendment to Code of Federal Regulations, title 16, part 314, results in a  
66.26 complete lack of federal regulations in the area, the version of the state requirements in  
66.27 effect at the time of the amendment remain in effect for two years from the date the  
66.28 amendment becomes effective.

66.29 (b) During the time period under paragraph (a), the department must adopt replacement  
66.30 administrative rules as necessary and appropriate.

67.1 Sec. 6. **[46A.06] NOTIFICATION EVENT.**

67.2 Subdivision 1. **Notification requirement.** (a) Upon discovering a notification event as  
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67.5 no later than 45 days after the date the event is discovered. The notice must be made (1) in  
67.6 a format specified by the commissioner, and (2) electronically on a form located on the  
67.7 department's website.

67.8 (b) The notice must include:

67.9 (1) the name and contact information of the reporting financial institution;

67.10 (2) a description of the types of information involved in the notification event;

67.11 (3) if possible to determine, the date or date range of the notification event;

67.12 (4) the number of consumers affected or potentially affected by the notification event;

29.15 (5) a general description of the notification event; and

29.16 (6) a statement (i) disclosing whether a law enforcement official has provided the financial  
 29.17 institution with a written determination indicating that providing notice to the public regarding  
 29.18 the breach would impede a criminal investigation or cause damage to national security, and  
 29.19 (ii) if a written determination described under item (i) was provided to the financial  
 29.20 institution, providing contact information that enables the commissioner to contact the law  
 29.21 enforcement official. A law enforcement official may request an initial delay of up to 45  
 29.22 days following the date that notice was provided to the commissioner. The delay may be  
 29.23 extended for an additional period of up to 60 days if the law enforcement official seeks an  
 29.24 extension in writing. An additional delay may be permitted only if the commissioner  
 29.25 determines that public disclosure of a security event continues to impede a criminal  
 29.26 investigation or cause damage to national security.

29.27 Subd. 2. **Notification event treated as discovered.** A notification event must be treated  
 29.28 as discovered on the first day when the event is known to a financial institution. A financial  
 29.29 institution is deemed to have knowledge of a notification event if the event is known to any  
 29.30 person, other than the person committing the breach, who is the financial institution's  
 29.31 employee, officer, or other agent.

30.1 Sec. 7. **[46A.07] COMMISSIONER'S POWERS.**

30.2 (a) The commissioner has the power to examine and investigate the affairs of any covered  
 30.3 financial institution to determine whether the financial institution has been or is engaged in  
 30.4 any conduct that violates this chapter. This power is in addition to the powers granted to  
 30.5 the commissioner under section 46.01.

30.6 (b) If the commissioner has reason to believe that a financial institution has been or is  
 30.7 engaged in conduct in Minnesota that violates this chapter, the commissioner may take  
 30.8 action necessary or appropriate to enforce this chapter.

30.9 Sec. 8. **[46A.08] CONFIDENTIALITY.**

30.10 Subdivision 1. **Financial institution information.** (a) Any documents, materials, or  
 30.11 other information in the control or possession of the department that are furnished by a  
 30.12 licensee or a licensee's employee or agent acting on behalf of a financial institution pursuant  
 30.13 to section 46A.06 or that are obtained by the commissioner in an investigation or examination  
 30.14 pursuant to section 46A.07: (1) are classified as confidential, protected nonpublic, or both;  
 30.15 (2) are not subject to subpoena; and (3) are not subject to discovery or admissible in evidence  
 30.16 in any private civil action.

30.17 (b) Notwithstanding paragraph (a), clauses (1) to (3), the commissioner is authorized to  
 30.18 use the documents, materials, or other information in the furtherance of any regulatory or  
 30.19 legal action brought as a part of the commissioner's duties.

30.20 Subd. 2. **Certain testimony prohibited.** Neither the commissioner nor any person who  
 30.21 received documents, materials, or other information while acting under the authority of the

67.13 (5) a general description of the notification event; and

67.14 (6) a statement (i) disclosing whether a law enforcement official has provided the financial  
 67.15 institution with a written determination indicating that providing notice to the public regarding  
 67.16 the breach would impede a criminal investigation or cause damage to national security, and  
 67.17 (ii) if a written determination described under item (i) was provided to the financial  
 67.18 institution, providing contact information that enables the commissioner to contact the law  
 67.19 enforcement official. A law enforcement official may request an initial delay of up to 45  
 67.20 days following the date that notice was provided to the commissioner. The delay may be  
 67.21 extended for an additional period of up to 60 days if the law enforcement official seeks an  
 67.22 extension in writing. An additional delay may be permitted only if the commissioner  
 67.23 determines that public disclosure of a security event continues to impede a criminal  
 67.24 investigation or cause damage to national security.

67.25 Subd. 2. **Notification event treated as discovered.** A notification event must be treated  
 67.26 as discovered on the first day when the event is known to a financial institution. A financial  
 67.27 institution is deemed to have knowledge of a notification event if the event is known to any  
 67.28 person, other than the person committing the breach, who is the financial institution's  
 67.29 employee, officer, or other agent.

67.30 Sec. 7. **[46A.07] COMMISSIONER'S POWERS.**

67.31 (a) The commissioner has the power to examine and investigate the affairs of any covered  
 67.32 financial institution to determine whether the financial institution has been or is engaged in  
 68.1 any conduct that violates this chapter. This power is in addition to the powers granted to  
 68.2 the commissioner under section 46.01.

68.3 (b) If the commissioner has reason to believe that a financial institution has been or is  
 68.4 engaged in conduct in Minnesota that violates this chapter, the commissioner may take  
 68.5 action necessary or appropriate to enforce this chapter.

68.6 Sec. 8. **[46A.08] CONFIDENTIALITY.**

30.22 commissioner is permitted or required to testify in a private civil action concerning  
 30.23 confidential documents, materials, or information subject to subdivision 1.

30.24 Subd. 3. **Information sharing.** In order to assist in the performance of the commissioner's  
 30.25 duties under sections 46A.01 to 46A.08, the commissioner may:

30.26 (1) share documents, materials, or other information, including the confidential and  
 30.27 privileged documents, materials, or information subject to subdivision 1, with other state,  
 30.28 federal, and international regulatory agencies, with the Conference of State Bank Supervisors,  
 30.29 the Conference of State Bank Supervisors' affiliates or subsidiaries, and with state, federal,  
 30.30 and international law enforcement authorities, provided that the recipient agrees in writing  
 30.31 to maintain the confidentiality and privileged status of the document, material, or other  
 30.32 information;

31.1 (2) receive documents, materials, or information, including otherwise confidential and  
 31.2 privileged documents, materials, or information, from the Conference of State Bank  
 31.3 Supervisors, the Conference of State Bank Supervisors' affiliates or subsidiaries, and from  
 31.4 regulatory and law enforcement officials of other foreign or domestic jurisdictions, and  
 31.5 must maintain as confidential or privileged any document, material, or information received  
 31.6 with notice or the understanding that the document, material, or information is confidential  
 31.7 or privileged under the laws of the jurisdiction that is the source of the document, material,  
 31.8 or information;

31.9 (3) share documents, materials, or other information subject to subdivision 1 with a  
 31.10 third-party consultant or vendor, provided the consultant agrees in writing to maintain the  
 31.11 confidentiality and privileged status of the document, material, or other information; and

31.12 (4) enter into agreements governing the sharing and use of information that are consistent  
 31.13 with this subdivision.

31.14 Subd. 4. **No waiver of privilege or confidentiality; information retention.** (a) The  
 31.15 disclosure of documents, materials, or information to the commissioner under this section  
 31.16 or as a result of sharing as authorized in subdivision 3 does not result in a waiver of any  
 31.17 applicable privilege or claim of confidentiality in the documents, materials, or information.

31.18 (b) A document, material, or information disclosed to the commissioner under this section  
 31.19 about a cybersecurity event must be retained and preserved by the financial institution for  
 31.20 five years.

31.21 Subd. 5. **Certain actions public.** Nothing in sections 46A.01 to 46A.08 prohibits the  
 31.22 commissioner from releasing final, adjudicated actions that are open to public inspection  
 31.23 pursuant to chapter 13 to a database or other clearinghouse service maintained by the  
 31.24 Conference of State Bank Supervisors, the Conference of State Bank Supervisors' affiliates,  
 31.25 or the Conference of State Bank Supervisors' subsidiaries.

31.26 Subd. 6. **Classification, protection, and use of information by others.** Documents,  
 31.27 materials, or other information in the possession or control of the Conference of State Bank

68.7 Subdivision 1. **Information sharing.** In order to assist in the performance of the  
 68.8 commissioner's duties under sections 46A.01 to 46A.08, the commissioner may:

68.9 (1) share documents, materials, or other information, including confidential and privileged  
 68.10 documents, with other state, federal, and international regulatory agencies, with the  
 68.11 Conference of State Bank Supervisors, the Conference of State Bank Supervisors' affiliates  
 68.12 or subsidiaries, and with state, federal, and international law enforcement authorities,  
 68.13 provided that the recipient agrees in writing to maintain the confidentiality and privileged  
 68.14 status of the document, material, or other information;

68.15 (2) receive documents, materials, or information, including otherwise confidential and  
 68.16 privileged documents, materials, or information, from the Conference of State Bank  
 68.17 Supervisors, the Conference of State Bank Supervisors' affiliates or subsidiaries, and from  
 68.18 regulatory and law enforcement officials of other foreign or domestic jurisdictions, and  
 68.19 must maintain as confidential or privileged any document, material, or information received  
 68.20 with notice or the understanding that the document, material, or information is confidential  
 68.21 or privileged under the laws of the jurisdiction that is the source of the document, material,  
 68.22 or information;

68.23 (3) share documents, materials, or other information with a third-party consultant or  
 68.24 vendor, provided the consultant agrees in writing to maintain the confidentiality and  
 68.25 privileged status of the document, material, or other information; and

68.26 (4) enter into agreements governing the sharing and use of information that are consistent  
 68.27 with this subdivision.

68.28 Subd. 2. **Certain actions public.** Nothing in sections 46A.01 to 46A.08 prohibits the  
 68.29 commissioner from releasing final, adjudicated actions that are open to public inspection  
 68.30 pursuant to chapter 13 to a database or other clearinghouse service maintained by the  
 68.31 Conference of State Bank Supervisors, the Conference of State Bank Supervisors' affiliates,  
 68.32 or the Conference of State Bank Supervisors' subsidiaries.

31.28 Supervisors or a third-party consultant pursuant to sections 46A.01 to 46A.08: (1) are  
 31.29 classified as confidential, protected nonpublic, and privileged; (2) are not subject to subpoena;  
 31.30 and (3) are not subject to discovery or admissible in evidence in a private civil action.

31.31 Sec. 9. Minnesota Statutes 2022, section 47.20, subdivision 2, is amended to read:

31.32 Subd. 2. **Definitions.** For the purposes of this section the terms defined in this subdivision  
 31.33 have the meanings given them:

32.1 (1) "Actual closing costs" mean reasonable charges for or sums paid for the following,  
 32.2 whether or not retained by the mortgagee or lender:

32.3 (a) Any insurance premiums including but not limited to premiums for title insurance,  
 32.4 fire and extended coverage insurance, flood insurance, and private mortgage insurance, but  
 32.5 excluding any charges or sums retained by the mortgagee or lender as self-insured retention.

32.6 (b) Abstracting, title examination and search, and examination of public records.

32.7 (c) The preparation and recording of any or all documents required by law or custom  
 32.8 for closing a conventional or cooperative apartment loan.

32.9 (d) Appraisal and survey of real property securing a conventional loan or real property  
 32.10 owned by a cooperative apartment corporation of which a share or shares of stock or a  
 32.11 membership certificate or certificates are to secure a cooperative apartment loan.

32.12 (e) A single service charge, which includes any consideration, not otherwise specified  
 32.13 herein as an "actual closing cost" paid by the borrower and received and retained by the  
 32.14 lender for or related to the acquisition, making, refinancing or modification of a conventional  
 32.15 or cooperative apartment loan, and also includes any consideration received by the lender  
 32.16 for making a borrower's interest rate commitment or for making a borrower's loan  
 32.17 commitment, whether or not an actual loan follows the commitment. The term service charge  
 32.18 does not include forward commitment fees. The service charge shall not exceed one percent  
 32.19 of the original bona fide principal amount of the conventional or cooperative apartment  
 32.20 loan, except that in the case of a construction loan, the service charge shall not exceed two  
 32.21 percent of the original bona fide principal amount of the loan. That portion of the service  
 32.22 charge imposed because the loan is a construction loan shall be itemized and a copy of the  
 32.23 itemization furnished the borrower. A lender shall not collect from a borrower the additional  
 32.24 one percent service charge permitted for a construction loan if it does not perform the service  
 32.25 for which the charge is imposed or if third parties perform and charge the borrower for the  
 32.26 service for which the lender has imposed the charge.

32.27 (f) Charges and fees necessary for or related to the transfer of real or personal property  
 32.28 securing a conventional or cooperative apartment loan or the closing of a conventional or  
 32.29 cooperative apartment loan paid by the borrower and received by any party other than the  
 32.30 lender.

32.31 (2) "Contract for deed" means an executory contract for the conveyance of real estate,  
 32.32 the original principal amount of which is less than \$300,000. A commitment for a contract

69.1 Sec. 9. Minnesota Statutes 2022, section 47.20, subdivision 2, is amended to read:

69.2 Subd. 2. **Definitions.** For the purposes of this section the terms defined in this subdivision  
 69.3 have the meanings given them:

69.4 (1) "Actual closing costs" mean reasonable charges for or sums paid for the following,  
 69.5 whether or not retained by the mortgagee or lender:

69.6 (a) Any insurance premiums including but not limited to premiums for title insurance,  
 69.7 fire and extended coverage insurance, flood insurance, and private mortgage insurance, but  
 69.8 excluding any charges or sums retained by the mortgagee or lender as self-insured retention.

69.9 (b) Abstracting, title examination and search, and examination of public records.

69.10 (c) The preparation and recording of any or all documents required by law or custom  
 69.11 for closing a conventional or cooperative apartment loan.

69.12 (d) Appraisal and survey of real property securing a conventional loan or real property  
 69.13 owned by a cooperative apartment corporation of which a share or shares of stock or a  
 69.14 membership certificate or certificates are to secure a cooperative apartment loan.

69.15 (e) A single service charge, which includes any consideration, not otherwise specified  
 69.16 herein as an "actual closing cost" paid by the borrower and received and retained by the  
 69.17 lender for or related to the acquisition, making, refinancing or modification of a conventional  
 69.18 or cooperative apartment loan, and also includes any consideration received by the lender  
 69.19 for making a borrower's interest rate commitment or for making a borrower's loan  
 69.20 commitment, whether or not an actual loan follows the commitment. The term service charge  
 69.21 does not include forward commitment fees. The service charge shall not exceed one percent  
 69.22 of the original bona fide principal amount of the conventional or cooperative apartment  
 69.23 loan, except that in the case of a construction loan, the service charge shall not exceed two  
 69.24 percent of the original bona fide principal amount of the loan. That portion of the service  
 69.25 charge imposed because the loan is a construction loan shall be itemized and a copy of the  
 69.26 itemization furnished the borrower. A lender shall not collect from a borrower the additional  
 69.27 one percent service charge permitted for a construction loan if it does not perform the service  
 69.28 for which the charge is imposed or if third parties perform and charge the borrower for the  
 69.29 service for which the lender has imposed the charge.

69.30 (f) Charges and fees necessary for or related to the transfer of real or personal property  
 69.31 securing a conventional or cooperative apartment loan or the closing of a conventional or  
 69.32 cooperative apartment loan paid by the borrower and received by any party other than the  
 69.33 lender.

70.1 (2) "Contract for deed" means an executory contract for the conveyance of real estate,  
 70.2 the original principal amount of which is less than \$300,000. A commitment for a contract

32.33 for deed shall include an executed purchase agreement or earnest money contract wherein  
 32.34 the seller agrees to finance any part or all of the purchase price by a contract for deed.

33.1 (3) "Conventional loan" means a loan or advance of credit, other than a loan or advance  
 33.2 of credit made by a credit union or made pursuant to section 334.011, to a noncorporate  
 33.3 borrower in an original principal amount of less than ~~\$100,000~~ or equal to the conforming  
 33.4 loan limit established by the Federal Housing Finance Agency under the Housing and  
 33.5 Recovery Act of 2018, Public Law 110-289, secured by a mortgage upon real property  
 33.6 containing one or more residential units or upon which at the time the loan is made it is  
 33.7 intended that one or more residential units are to be constructed, and which is not insured  
 33.8 or guaranteed by the secretary of housing and urban development, by the administrator of  
 33.9 veterans affairs, or by the administrator of the Farmers Home Administration, and which  
 33.10 is not made pursuant to the authority granted in subdivision 1, clause (3) or (4). The term  
 33.11 mortgage does not include contracts for deed or installment land contracts.

33.12 (4) "Cooperative apartment loan" means a loan or advance of credit, other than a loan  
 33.13 or advance of credit made by a credit union or made pursuant to section 334.011, to a  
 33.14 noncorporate borrower in an original principal amount of less than \$100,000, secured by a  
 33.15 security interest on a share or shares of stock or a membership certificate or certificates  
 33.16 issued to a stockholder or member by a cooperative apartment corporation, which may be  
 33.17 accompanied by an assignment by way of security of the borrower's interest in the proprietary  
 33.18 lease or occupancy agreement in property issued by the cooperative apartment corporation  
 33.19 and which is not insured or guaranteed by the secretary of housing and urban development,  
 33.20 by the administrator of veterans affairs, or by the administrator of the Farmers Home  
 33.21 Administration.

33.22 (5) "Cooperative apartment corporation" means a corporation or cooperative organized  
 33.23 under chapter 308A or 317A, the shareholders or members of which are entitled, solely by  
 33.24 reason of their ownership of stock or membership certificates in the corporation or  
 33.25 association, to occupy one or more residential units in a building owned or leased by the  
 33.26 corporation or association.

33.27 (6) "Forward commitment fee" means a fee or other consideration paid to a lender for  
 33.28 the purpose of securing a binding forward commitment by or through the lender to make  
 33.29 conventional loans to two or more credit worthy purchasers, including future purchasers,  
 33.30 of residential units, or a fee or other consideration paid to a lender for the purpose of securing  
 33.31 a binding forward commitment by or through the lender to make conventional loans to two  
 33.32 or more credit worthy purchasers, including future purchasers, of units to be created out of  
 33.33 existing structures pursuant to chapter 515B, or a fee or other consideration paid to a lender  
 33.34 for the purpose of securing a binding forward commitment by or through the lender to make  
 33.35 cooperative apartment loans to two or more credit worthy purchasers, including future  
 34.1 purchasers, of a share or shares of stock or a membership certificate or certificates in a  
 34.2 cooperative apartment corporation; provided, that the forward commitment rate of interest  
 34.3 does not exceed the maximum lawful rate of interest effective as of the date the forward  
 34.4 commitment is issued by the lender.

70.3 for deed shall include an executed purchase agreement or earnest money contract wherein  
 70.4 the seller agrees to finance any part or all of the purchase price by a contract for deed.

70.5 (3) "Conventional loan" means a loan or advance of credit, other than a loan or advance  
 70.6 of credit made by a credit union or made pursuant to section 334.011, to a noncorporate  
 70.7 borrower in an original principal amount of less than ~~\$100,000~~ or equal to the conforming  
 70.8 loan limit established by the Federal Housing Finance Agency under the Housing and  
 70.9 Recovery Act of 2018, Public Law 110-289, secured by a mortgage upon real property  
 70.10 containing one or more residential units or upon which at the time the loan is made it is  
 70.11 intended that one or more residential units are to be constructed, and which is not insured  
 70.12 or guaranteed by the secretary of housing and urban development, by the administrator of  
 70.13 veterans affairs, or by the administrator of the Farmers Home Administration, and which  
 70.14 is not made pursuant to the authority granted in subdivision 1, clause (3) or (4). The term  
 70.15 mortgage does not include contracts for deed or installment land contracts.

70.16 (4) "Cooperative apartment loan" means a loan or advance of credit, other than a loan  
 70.17 or advance of credit made by a credit union or made pursuant to section 334.011, to a  
 70.18 noncorporate borrower in an original principal amount of less than \$100,000, secured by a  
 70.19 security interest on a share or shares of stock or a membership certificate or certificates  
 70.20 issued to a stockholder or member by a cooperative apartment corporation, which may be  
 70.21 accompanied by an assignment by way of security of the borrower's interest in the proprietary  
 70.22 lease or occupancy agreement in property issued by the cooperative apartment corporation  
 70.23 and which is not insured or guaranteed by the secretary of housing and urban development,  
 70.24 by the administrator of veterans affairs, or by the administrator of the Farmers Home  
 70.25 Administration.

70.26 (5) "Cooperative apartment corporation" means a corporation or cooperative organized  
 70.27 under chapter 308A or 317A, the shareholders or members of which are entitled, solely by  
 70.28 reason of their ownership of stock or membership certificates in the corporation or  
 70.29 association, to occupy one or more residential units in a building owned or leased by the  
 70.30 corporation or association.

70.31 (6) "Forward commitment fee" means a fee or other consideration paid to a lender for  
 70.32 the purpose of securing a binding forward commitment by or through the lender to make  
 70.33 conventional loans to two or more credit worthy purchasers, including future purchasers,  
 70.34 of residential units, or a fee or other consideration paid to a lender for the purpose of securing  
 70.35 a binding forward commitment by or through the lender to make conventional loans to two  
 71.1 or more credit worthy purchasers, including future purchasers, of units to be created out of  
 71.2 existing structures pursuant to chapter 515B, or a fee or other consideration paid to a lender  
 71.3 for the purpose of securing a binding forward commitment by or through the lender to make  
 71.4 cooperative apartment loans to two or more credit worthy purchasers, including future  
 71.5 purchasers, of a share or shares of stock or a membership certificate or certificates in a  
 71.6 cooperative apartment corporation; provided, that the forward commitment rate of interest  
 71.7 does not exceed the maximum lawful rate of interest effective as of the date the forward  
 71.8 commitment is issued by the lender.

34.5 (7) "Borrower's interest rate commitment" means a binding commitment made by a  
 34.6 lender to a borrower wherein the lender agrees that, if a conventional or cooperative  
 34.7 apartment loan is made following issuance of and pursuant to the commitment, the  
 34.8 conventional or cooperative apartment loan shall be made at a rate of interest not in excess  
 34.9 of the rate of interest agreed to in the commitment, provided that the rate of interest agreed  
 34.10 to in the commitment is not in excess of the maximum lawful rate of interest effective as  
 34.11 of the date the commitment is issued by the lender to the borrower.

34.12 (8) "Borrower's loan commitment" means a binding commitment made by a lender to a  
 34.13 borrower wherein the lender agrees to make a conventional or cooperative apartment loan  
 34.14 pursuant to the provisions, including the interest rate, of the commitment, provided that the  
 34.15 commitment rate of interest does not exceed the maximum lawful rate of interest effective  
 34.16 as of the date the commitment is issued and the commitment when issued and agreed to  
 34.17 shall constitute a legally binding obligation on the part of the mortgagee or lender to make  
 34.18 a conventional or cooperative apartment loan within a specified time period in the future at  
 34.19 a rate of interest not exceeding the maximum lawful rate of interest effective as of the date  
 34.20 the commitment is issued by the lender to the borrower; provided that a lender who issues  
 34.21 a borrower's loan commitment pursuant to the provisions of a forward commitment is  
 34.22 authorized to issue the borrower's loan commitment at a rate of interest not to exceed the  
 34.23 maximum lawful rate of interest effective as of the date the forward commitment is issued  
 34.24 by the lender.

34.25 (9) "Finance charge" means the total cost of a conventional or cooperative apartment  
 34.26 loan including extensions or grant of credit regardless of the characterization of the same  
 34.27 and includes interest, finders fees, and other charges levied by a lender directly or indirectly  
 34.28 against the person obtaining the conventional or cooperative apartment loan or against a  
 34.29 seller of real property securing a conventional loan or a seller of a share or shares of stock  
 34.30 or a membership certificate or certificates in a cooperative apartment corporation securing  
 34.31 a cooperative apartment loan, or any other party to the transaction except any actual closing  
 34.32 costs and any forward commitment fee. The finance charges plus the actual closing costs  
 34.33 and any forward commitment fee, charged by a lender shall include all charges made by a  
 34.34 lender other than the principal of the conventional or cooperative apartment loan. The finance  
 34.35 charge, with respect to wraparound mortgages, shall be computed based upon the face  
 35.1 amount of the wraparound mortgage note, which face amount shall consist of the aggregate  
 35.2 of those funds actually advanced by the wraparound lender and the total outstanding principal  
 35.3 balances of the prior note or notes which have been made a part of the wraparound mortgage  
 35.4 note.

35.5 (10) "Lender" means any person making a conventional or cooperative apartment loan,  
 35.6 or any person arranging financing for a conventional or cooperative apartment loan. The  
 35.7 term also includes the holder or assignee at any time of a conventional or cooperative  
 35.8 apartment loan.

35.9 (11) "Loan yield" means the annual rate of return obtained by a lender over the term of  
 35.10 a conventional or cooperative apartment loan and shall be computed as the annual percentage

71.9 (7) "Borrower's interest rate commitment" means a binding commitment made by a  
 71.10 lender to a borrower wherein the lender agrees that, if a conventional or cooperative  
 71.11 apartment loan is made following issuance of and pursuant to the commitment, the  
 71.12 conventional or cooperative apartment loan shall be made at a rate of interest not in excess  
 71.13 of the rate of interest agreed to in the commitment, provided that the rate of interest agreed  
 71.14 to in the commitment is not in excess of the maximum lawful rate of interest effective as  
 71.15 of the date the commitment is issued by the lender to the borrower.

71.16 (8) "Borrower's loan commitment" means a binding commitment made by a lender to a  
 71.17 borrower wherein the lender agrees to make a conventional or cooperative apartment loan  
 71.18 pursuant to the provisions, including the interest rate, of the commitment, provided that the  
 71.19 commitment rate of interest does not exceed the maximum lawful rate of interest effective  
 71.20 as of the date the commitment is issued and the commitment when issued and agreed to  
 71.21 shall constitute a legally binding obligation on the part of the mortgagee or lender to make  
 71.22 a conventional or cooperative apartment loan within a specified time period in the future at  
 71.23 a rate of interest not exceeding the maximum lawful rate of interest effective as of the date  
 71.24 the commitment is issued by the lender to the borrower; provided that a lender who issues  
 71.25 a borrower's loan commitment pursuant to the provisions of a forward commitment is  
 71.26 authorized to issue the borrower's loan commitment at a rate of interest not to exceed the  
 71.27 maximum lawful rate of interest effective as of the date the forward commitment is issued  
 71.28 by the lender.

71.29 (9) "Finance charge" means the total cost of a conventional or cooperative apartment  
 71.30 loan including extensions or grant of credit regardless of the characterization of the same  
 71.31 and includes interest, finders fees, and other charges levied by a lender directly or indirectly  
 71.32 against the person obtaining the conventional or cooperative apartment loan or against a  
 71.33 seller of real property securing a conventional loan or a seller of a share or shares of stock  
 71.34 or a membership certificate or certificates in a cooperative apartment corporation securing  
 71.35 a cooperative apartment loan, or any other party to the transaction except any actual closing  
 72.1 costs and any forward commitment fee. The finance charges plus the actual closing costs  
 72.2 and any forward commitment fee, charged by a lender shall include all charges made by a  
 72.3 lender other than the principal of the conventional or cooperative apartment loan. The finance  
 72.4 charge, with respect to wraparound mortgages, shall be computed based upon the face  
 72.5 amount of the wraparound mortgage note, which face amount shall consist of the aggregate  
 72.6 of those funds actually advanced by the wraparound lender and the total outstanding principal  
 72.7 balances of the prior note or notes which have been made a part of the wraparound mortgage  
 72.8 note.

72.9 (10) "Lender" means any person making a conventional or cooperative apartment loan,  
 72.10 or any person arranging financing for a conventional or cooperative apartment loan. The  
 72.11 term also includes the holder or assignee at any time of a conventional or cooperative  
 72.12 apartment loan.

72.13 (11) "Loan yield" means the annual rate of return obtained by a lender over the term of  
 72.14 a conventional or cooperative apartment loan and shall be computed as the annual percentage

35.11 rate as computed in accordance with sections 226.5 (b), (c), and (d) of Regulation Z, Code  
 35.12 of Federal Regulations, title 12, part 226, but using the definition of finance charge provided  
 35.13 for in this subdivision. For purposes of this section, with respect to wraparound mortgages,  
 35.14 the rate of interest or loan yield shall be based upon the principal balance set forth in the  
 35.15 wraparound note and mortgage and shall not include any interest differential or yield  
 35.16 differential between the stated interest rate on the wraparound mortgage and the stated  
 35.17 interest rate on the one or more prior mortgages included in the stated loan amount on a  
 35.18 wraparound note and mortgage.

35.19 (12) "Person" means an individual, corporation, business trust, partnership or association  
 35.20 or any other legal entity.

35.21 (13) "Residential unit" means any structure used principally for residential purposes or  
 35.22 any portion thereof, and includes a unit in a common interest community, a nonowner  
 35.23 occupied residence, and any other type of residence regardless of whether the unit is used  
 35.24 as a principal residence, secondary residence, vacation residence, or residence of some other  
 35.25 denomination.

35.26 (14) "Vendor" means any person or persons who agree to sell real estate and finance  
 35.27 any part or all of the purchase price by a contract for deed. The term also includes the holder  
 35.28 or assignee at any time of the vendor's interest in a contract for deed.

35.29 Sec. 10. Minnesota Statutes 2022, section 47.54, subdivision 2, is amended to read:

35.30 Subd. 2. **Approval order.** (a) If no objection is received by the commissioner within  
 35.31 15 days after the publication of the notice, the commissioner ~~shall issue an order must~~  
 35.32 provide written consent approving the application without a hearing if ~~it is found the~~  
 35.33 commissioner finds that ~~(a):~~ (1) the applicant bank meets current industry standards of  
 36.1 capital adequacy, management quality, and asset condition; ~~(b);~~ (2) the establishment of the  
 36.2 proposed detached facility ~~will improve~~ improves the quality or increase the availability of  
 36.3 banking services in the community to be served; and ~~(c);~~ (3) the establishment of the proposed  
 36.4 detached facility ~~will~~ does not have an undue adverse effect upon the solvency of existing  
 36.5 financial institutions in the community to be served.

36.6 ~~Otherwise,~~ (b) The commissioner ~~shall~~ must deny ~~the an~~ application that does not meet  
 36.7 the criteria under paragraph (a), clauses (1) to (3).

36.8 (c) Any proceedings for judicial review of ~~an order of written consent provided by the~~  
 36.9 ~~commissioner issued~~ under this subdivision without a contested case hearing shall be  
 36.10 conducted pursuant to the provisions of the Administrative Procedure Act relating to judicial  
 36.11 review of agency decisions, sections 14.63 to 14.69, and the scope of judicial review in  
 36.12 such proceedings shall be as provided therein. Nothing herein shall be construed as requiring  
 36.13 the commissioner to conduct a contested case hearing if no written objection is timely  
 36.14 received by the commissioner from a bank within three miles of the proposed location of  
 36.15 the detached facility.

72.15 rate as computed in accordance with sections 226.5 (b), (c), and (d) of Regulation Z, Code  
 72.16 of Federal Regulations, title 12, part 226, but using the definition of finance charge provided  
 72.17 for in this subdivision. For purposes of this section, with respect to wraparound mortgages,  
 72.18 the rate of interest or loan yield shall be based upon the principal balance set forth in the  
 72.19 wraparound note and mortgage and shall not include any interest differential or yield  
 72.20 differential between the stated interest rate on the wraparound mortgage and the stated  
 72.21 interest rate on the one or more prior mortgages included in the stated loan amount on a  
 72.22 wraparound note and mortgage.

72.23 (12) "Person" means an individual, corporation, business trust, partnership or association  
 72.24 or any other legal entity.

72.25 (13) "Residential unit" means any structure used principally for residential purposes or  
 72.26 any portion thereof, and includes a unit in a common interest community, a nonowner  
 72.27 occupied residence, and any other type of residence regardless of whether the unit is used  
 72.28 as a principal residence, secondary residence, vacation residence, or residence of some other  
 72.29 denomination.

72.30 (14) "Vendor" means any person or persons who agree to sell real estate and finance  
 72.31 any part or all of the purchase price by a contract for deed. The term also includes the holder  
 72.32 or assignee at any time of the vendor's interest in a contract for deed.

73.1 Sec. 10. Minnesota Statutes 2022, section 47.54, subdivision 2, is amended to read:

73.2 Subd. 2. **Approval order.** (a) If no objection is received by the commissioner within  
 73.3 15 days after the publication of the notice, the commissioner ~~shall issue an order must~~  
 73.4 provide written consent approving the application without a hearing if ~~it is found the~~  
 73.5 commissioner finds that ~~(a):~~ (1) the applicant bank meets current industry standards of  
 73.6 capital adequacy, management quality, and asset condition; ~~(b);~~ (2) the establishment of the  
 73.7 proposed detached facility ~~will improve~~ improves the quality or increase the availability of  
 73.8 banking services in the community to be served; and ~~(c);~~ (3) the establishment of the proposed  
 73.9 detached facility ~~will~~ does not have an undue adverse effect upon the solvency of existing  
 73.10 financial institutions in the community to be served.

73.11 ~~Otherwise,~~ (b) The commissioner ~~shall~~ must deny ~~the an~~ application that does not meet  
 73.12 the criteria under paragraph (a), clauses (1) to (3).

73.13 (c) Any proceedings for judicial review of ~~an order of written consent provided by the~~  
 73.14 ~~commissioner issued~~ under this subdivision without a contested case hearing shall be  
 73.15 conducted pursuant to the provisions of the Administrative Procedure Act relating to judicial  
 73.16 review of agency decisions, sections 14.63 to 14.69, and the scope of judicial review in  
 73.17 such proceedings shall be as provided therein. Nothing herein shall be construed as requiring  
 73.18 the commissioner to conduct a contested case hearing if no written objection is timely  
 73.19 received by the commissioner from a bank within three miles of the proposed location of  
 73.20 the detached facility.

36.16 Sec. 11. Minnesota Statutes 2022, section 47.54, subdivision 6, is amended to read:

36.17 Subd. 6. **Expiration and extension of order approval.** If a facility is not activated  
 36.18 within 18 months from the date of the order approval is granted under subdivision 2, the  
 36.19 approval order automatically expires. Upon a request of made by the applicant prior to  
 36.20 before the automatic expiration date of the order approval expires, the commissioner may  
 36.21 grant reasonable extensions of time to the applicant to activate the facility as the  
 36.22 commissioner deems necessary. The extensions of time shall not exceed a total of an  
 36.23 additional 12 months. If the commissioner's order approval is the subject of an appeal in  
 36.24 accordance with chapter 14, the time period referred to in this section for activation of to  
 36.25 activate the facility and any extensions shall begin begins when all appeals or rights of  
 36.26 appeal from the commissioner's order approval have concluded or expired.

73.21 Sec. 11. Minnesota Statutes 2022, section 47.54, subdivision 6, is amended to read:

73.22 Subd. 6. **Expiration and extension of order approval.** If a facility is not activated  
 73.23 within 18 months from the date of the order approval is granted under subdivision 2, the  
 73.24 approval order automatically expires. Upon a request of made by the applicant prior to  
 73.25 before the automatic expiration date of the order approval expires, the commissioner may  
 73.26 grant reasonable extensions of time to the applicant to activate the facility as the  
 73.27 commissioner deems necessary. The extensions of time shall not exceed a total of an  
 73.28 additional 12 months. If the commissioner's order approval is the subject of an appeal in  
 73.29 accordance with chapter 14, the time period referred to in this section for activation of to  
 73.30 activate the facility and any extensions shall begin begins when all appeals or rights of  
 73.31 appeal from the commissioner's order approval have concluded or expired.

74.1 Sec. 12. Minnesota Statutes 2023 Supplement, section 47.59, subdivision 2, is amended  
 74.2 to read:

74.3 Subd. 2. **Application.** (a) Extensions of credit or purchases of extensions of credit by  
 74.4 financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, 48.153, 48.185,  
 74.5 48.195, 59A.01 to 59A.15, 334.01, 334.011, 334.012, 334.022, 334.06, and 334.061 to  
 74.6 334.19 may, but need not, be made according to those sections in lieu of the authority set  
 74.7 forth in this section to the extent those sections authorize the financial institution to make  
 74.8 extensions of credit or purchase extensions of credit under those sections. If a financial  
 74.9 institution elects to make an extension of credit or to purchase an extension of credit under  
 74.10 those other sections, the extension of credit or the purchase of an extension of credit is  
 74.11 subject to those sections and not this section, except this subdivision, and except as expressly  
 74.12 provided in those sections. A financial institution may also charge an organization a rate of  
 74.13 interest and any charges agreed to by the organization and may calculate and collect finance  
 74.14 and other charges in any manner agreed to by that organization. Except for extensions of  
 74.15 credit a financial institution elects to make under section 334.01, 334.011, 334.012, 334.022,  
 74.16 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made  
 74.17 according to this section or the sections listed in this subdivision. This subdivision does not  
 74.18 authorize a financial institution to extend credit or purchase an extension of credit under  
 74.19 any of the sections listed in this subdivision if the financial institution is not authorized to  
 74.20 do so under those sections. A financial institution extending credit under any of the sections  
 74.21 listed in this subdivision shall specify in the promissory note, contract, or other loan document  
 74.22 the section under which the extension of credit is made.

74.23 (b) In accordance with section 525 of the federal Depository Institutions Deregulation  
 74.24 and Monetary Control Act of 1980, Public Law 96-221, the legislature declares that the  
 74.25 state of Minnesota does not want the amendments to the Federal Deposit Insurance Act,  
 74.26 United States Code, title 12, section 1811, et seq., the federal National Housing Act, United  
 74.27 States Code, title 12, section 1701, et seq., and the Federal Credit Union Act, United States  
 74.28 Code, title 12, section 1751, et seq., made by sections 521 to 523 of the federal Depository  
 74.29 Institutions Deregulation and Monetary Control Act of 1980, Public Law 96-221, prescribing  
 74.30 interest rates and preempting state interest rates to apply to consumer loans made in

74.31 Minnesota. Consumer loans made in Minnesota are subject to the rates established in this  
74.32 section and as otherwise provided by the laws of Minnesota.

74.33 (c) A consumer loan is deemed to be made in Minnesota and is subject to this section  
74.34 and other applicable laws of Minnesota if the borrower is a Minnesota resident and the  
75.1 borrower completes the transaction, either personally or electronically, while physically  
75.2 located in Minnesota.

75.3 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to loans  
75.4 executed on or after that date.

75.5 Sec. 13. Minnesota Statutes 2022, section 47.59, subdivision 3, is amended to read:

75.6 Subd. 3. **Finance charge for loans.** (a) With respect to a loan, including a loan pursuant  
75.7 to open-end credit but excluding open-end credit pursuant to a credit card, a financial  
75.8 institution may contract for and receive a finance charge on the unpaid balance of the  
75.9 principal amount not to exceed the greater of:

75.10 (1) an annual percentage rate not exceeding 21.75 percent; or

75.11 (2) the total of:

75.12 (i) 33 percent per year on that part of the unpaid balance of the principal amount not  
75.13 exceeding \$1,350; and

75.14 (ii) 19 percent per year on that part of the unpaid balance of the principal amount  
75.15 exceeding \$1,350.

75.16 With respect to open-end credit pursuant to a credit card, the financial institution may  
75.17 contract for and receive a finance charge on the unpaid balance of the principal amount at  
75.18 an annual percentage rate not exceeding 18 percent per year or, if the financial institution  
75.19 is an out-of-state bank, as defined in section 48.92, or out-of-state credit union, as defined  
75.20 in section 52.001, the rate allowed by the financial institution's home state, if that rate  
75.21 exceeds 18 percent per year.

75.22 (b) On a loan where the finance charge is calculated according to the method provided  
75.23 for in paragraph (a), clause (2), the finance charge must be contracted for and earned as  
75.24 provided in that provision or at the single annual percentage rate computed to the nearest  
75.25 one-tenth of one percent that would earn the same total finance charge at maturity of the  
75.26 contract as would be earned by the application of the graduated rates provided in paragraph  
75.27 (a), clause (2), when the debt is paid according to the agreed terms and the calculations are  
75.28 made according to the actuarial method.

75.29 (c) With respect to a loan, the finance charge must be considered not to exceed the  
75.30 maximum annual percentage rate permitted under this section if the finance charge contracted  
75.31 for and received does not exceed the equivalent of the maximum annual percentage rate  
76.1 calculated in accordance with Code of Federal Regulations, title 12, part 226, but using the  
76.2 definition of finance charge provided in this section.

76.3 (d) This subdivision does not limit or restrict the manner of calculating the finance  
76.4 charge, whether by way of add-on, discount, discount points, precomputed charges, single  
76.5 annual percentage rate, variable rate, interest in advance, compounding, average daily  
76.6 balance method, or otherwise, if the annual percentage rate does not exceed that permitted  
76.7 by this section. Discount points permitted by this paragraph and not collected but included  
76.8 in the principal amount must not be included in the amount on which credit insurance  
76.9 premiums are calculated and charged.

76.10 (e) With respect to a loan secured by real estate, if a finance charge is calculated or  
76.11 collected in advance, or included in the principal amount of the loan, and the borrower  
76.12 prepays the loan in full, the financial institution shall credit the borrower with a refund of  
76.13 the charge to the extent that the annual percentage rate yield on the loan would exceed the  
76.14 maximum rate permitted under paragraph (a), taking into account the prepayment. The  
76.15 refund need not be made if it would be less than \$9.00.

76.16 (f) With respect to all other loans, if the finance charge is calculated or collected in  
76.17 advance, or included in the principal amount of the loan, and the borrower prepays the loan  
76.18 in full, the financial institution shall credit the borrower with a refund of the charge to the  
76.19 extent the annual percentage rate yield on the loan would exceed the annual percentage rate  
76.20 on the loan as originally determined under paragraph (a) and taking into account the  
76.21 prepayment. The refund need not be made if it would be less than \$9.00.

76.22 (g) For the purpose of calculating the refund under this subdivision, the financial  
76.23 institution may assume that the contract was paid before the date of prepayment according  
76.24 to the schedule of payments under the loan and that all payments were paid on their due  
76.25 dates.

76.26 (h) For loans repayable in substantially equal successive monthly installments, the  
76.27 financial institution may calculate the refund under paragraph (f) as the portion of the finance  
76.28 charge allocable on an actuarial basis to all wholly unexpired payment periods following  
76.29 the date of prepayment, based on the annual percentage rate on the loan as originally  
76.30 determined under paragraph (a), and for the purpose of calculating the refund may assume  
76.31 that all payments are made on the due date.

76.32 (i) The dollar amounts in this subdivision, subdivision 6, paragraph (a), clause (4), and  
76.33 the dollar amount of original principal amount of closed-end credit in subdivision 6,  
76.34 paragraph (d), shall change periodically, as provided in this section, according to and to the  
77.1 extent of changes in the implicit price deflator for the gross domestic product, 2005 = 100,  
77.2 compiled by the United States Department of Commerce, and hereafter referred to as the  
77.3 index. The index for December 2011 is the reference base index for adjustments of dollar  
77.4 amounts.

77.5 (j) The designated dollar amounts shall change on July 1 of each even-numbered year  
77.6 if the percentage of change, calculated to the nearest whole percentage point, between the  
77.7 index for December of the preceding year and the reference base index is ten percent or  
77.8 more; but

36.27 Sec. 12. Minnesota Statutes 2022, section 48.24, subdivision 2, is amended to read:

36.28 Subd. 2. **Loan liabilities.** Loans not exceeding 25 percent of such capital and surplus  
36.29 made upon first mortgage security on improved real estate in any state in which the bank  
36.30 or a ~~branch established under section 49.411~~ detached facility of the bank is located, or in  
36.31 any state adjoining a state in which the bank or a ~~branch established under section 49.411~~  
36.32 detached facility of the bank is located, shall not constitute a liability of the maker of the

77.9 (1) the portion of the percentage change in the index in excess of a multiple of ten percent  
77.10 shall be disregarded and the dollar amounts shall change only in multiples of ten percent  
77.11 of the amounts appearing in Laws 1995, chapter 202, on May 24, 1995; and

77.12 (2) the dollar amounts shall not change if the amounts required by this section are those  
77.13 currently in effect pursuant to Laws 1995, chapter 202, as a result of earlier application of  
77.14 this section.

77.15 (k) If the index is revised, the percentage of change pursuant to this section shall be  
77.16 calculated on the basis of the revised index. If a revision of the index changes the reference  
77.17 base index, a revised reference base index shall be determined by multiplying the reference  
77.18 base index then applicable by the rebasing factor furnished by the Department of Commerce.  
77.19 If the index is superseded, the index referred to in this section is the one represented by the  
77.20 Department of Commerce as reflecting most accurately changes in the purchasing power  
77.21 of the dollar for consumers.

77.22 (l) The commissioner shall:

77.23 (1) announce and publish on or before April 30 of each year in which dollar amounts  
77.24 are to change, the changes in dollar amounts required by paragraph (j);

77.25 (2) announce and publish promptly after the changes occur, changes in the index required  
77.26 by paragraph (k) including, if applicable, the numerical equivalent of the reference base  
77.27 index under a revised reference base index and the designation or title of any index  
77.28 superseding the index; and

77.29 (3) promptly notify the revisor of statutes in writing of the changes announced and  
77.30 published by the commissioner pursuant to clauses (1) and (2). The revisor shall publish  
77.31 the changes in the next edition of Minnesota Statutes.

77.32 (m) A person does not violate this chapter with respect to a transaction otherwise  
77.33 complying with this chapter if that person relies on dollar amounts either determined  
78.1 according to paragraph (j), clause (2), or appearing in the last publication of the commissioner  
78.2 announcing the then current dollar amounts.

78.3 (n) The adjustments provided in this section shall not be affected unless explicitly  
78.4 provided otherwise by law.

78.5 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to loans  
78.6 executed on or after that date.

78.7 Sec. 14. Minnesota Statutes 2022, section 48.24, subdivision 2, is amended to read:

78.8 Subd. 2. **Loan liabilities.** Loans not exceeding 25 percent of such capital and surplus  
78.9 made upon first mortgage security on improved real estate in any state in which the bank  
78.10 or a ~~branch established under section 49.411~~ detached facility of the bank is located, or in  
78.11 any state adjoining a state in which the bank or a ~~branch established under section 49.411~~  
78.12 detached facility of the bank is located, shall not constitute a liability of the maker of the

36.33 notes secured by such mortgages within the meaning of the foregoing provision limiting  
 37.1 liability, but shall be an actual liability of the maker. These mortgage loans shall be limited  
 37.2 to, and in no case exceed, 50 percent of the cash value of the security covered by the  
 37.3 mortgage, except mortgage loans guaranteed as provided by the Servicemen's Readjustment  
 37.4 Act of 1944, as now or hereafter amended, or for which there is a commitment to so guarantee  
 37.5 or for which a conditional guarantee has been issued, which loans shall in no case exceed  
 37.6 60 percent of the cash value of the security covered by such mortgage. For the purposes of  
 37.7 this subdivision, real estate is improved when substantial and permanent development or  
 37.8 construction has contributed substantially to its value, and agricultural land is improved  
 37.9 when farm crops are regularly raised on such land without further substantial improvements.

37.10 Sec. 13. Minnesota Statutes 2023 Supplement, section 53B.28, subdivision 18, is amended  
 37.11 to read:

37.12 Subd. 18. **Money transmission.** (a) "Money transmission" means:

37.13 (1) selling or issuing payment instruments to a person located in this state;

37.14 (2) selling or issuing stored value to a person located in this state; or

37.15 (3) receiving money for transmission from a person located in this state.

37.16 (b) ~~Money includes payroll processing services.~~ Money **transmission** does not include  
 37.17 the provision solely of online or telecommunications services or network access.

37.18 Sec. 14. Minnesota Statutes 2023 Supplement, section 53B.28, subdivision 25, is amended  
 37.19 to read:

37.20 Subd. 25. **Payroll processing services.** "Payroll processing services" means ~~receiving~~  
 37.21 ~~money for transmission pursuant to a contract with a person to deliver~~ delivering wages or  
 37.22 salaries, ~~make~~ making payment of payroll taxes to state and federal agencies, ~~make~~ making  
 37.23 payments relating to employee benefit plans, ~~or make~~ making distributions of other authorized  
 37.24 deductions from wages or salaries, ~~or transmitting~~ **money** on behalf of an employer in  
 37.25 connection with transactions related to employees. The term payroll processing services  
 37.26 ~~does not include~~ includes an employer performing payroll processing services on the  
 37.27 employer's own behalf or on behalf of the employer's affiliate, ~~or a~~ and professional  
 37.28 employment organization subject to regulation under other applicable state law organizations.

37.29 Sec. 15. Minnesota Statutes 2023 Supplement, section 53B.29, is amended to read:

37.30 **53B.29 EXEMPTIONS.**

37.31 This chapter does not apply to:

38.1 (1) an operator of a payment system, to the extent the operator of a payment system  
 38.2 provides processing, clearing, or settlement services between or among persons exempted  
 38.3 by this section or licensees in connection with wire transfers, credit card transactions, debit

78.13 notes secured by such mortgages within the meaning of the foregoing provision limiting  
 78.14 liability, but shall be an actual liability of the maker. These mortgage loans shall be limited  
 78.15 to, and in no case exceed, 50 percent of the cash value of the security covered by the  
 78.16 mortgage, except mortgage loans guaranteed as provided by the Servicemen's Readjustment  
 78.17 Act of 1944, as now or hereafter amended, or for which there is a commitment to so guarantee  
 78.18 or for which a conditional guarantee has been issued, which loans shall in no case exceed  
 78.19 60 percent of the cash value of the security covered by such mortgage. For the purposes of  
 78.20 this subdivision, real estate is improved when substantial and permanent development or  
 78.21 construction has contributed substantially to its value, and agricultural land is improved  
 78.22 when farm crops are regularly raised on such land without further substantial improvements.

2.4 Section 1. Minnesota Statutes 2023 Supplement, section 53B.28, subdivision 18, is amended  
 2.5 to read:

2.6 Subd. 18. **Money transmission.** (a) "Money transmission" means:

2.7 (1) selling or issuing payment instruments to a person located in this state;

2.8 (2) selling or issuing stored value to a person located in this state; or

2.9 (3) receiving money for transmission from a person located in this state.

2.10 (b) ~~Money includes payroll processing services.~~ Money does not include the provision  
 2.11 solely of online or telecommunications services or network access.

2.12 Sec. 2. Minnesota Statutes 2023 Supplement, section 53B.28, subdivision 25, is amended  
 2.13 to read:

2.14 Subd. 25. **Payroll processing services.** "Payroll processing services" means ~~receiving~~  
 2.15 ~~money for transmission pursuant to a contract with a person to deliver~~ delivering wages or  
 2.16 salaries, ~~make~~ making payment of payroll taxes to state and federal agencies, ~~make~~ making  
 2.17 payments relating to employee benefit plans, ~~or make~~ making distributions of other authorized  
 2.18 deductions from wages or salaries, ~~or transmitting~~ **other funds** on behalf of an employer in  
 2.19 connection with transactions related to employees. The term payroll processing services  
 2.20 ~~does not include~~ includes an employer performing payroll processing services on the  
 2.21 employer's own behalf or on behalf of the employer's affiliate, ~~or a~~ and professional  
 2.22 employment organization subject to regulation under other applicable state law organizations.

2.23 Sec. 3. Minnesota Statutes 2023 Supplement, section 53B.29, is amended to read:

2.24 **53B.29 EXEMPTIONS.**

2.25 This chapter does not apply to:

2.26 (1) an operator of a payment system, to the extent the operator of a payment system  
 2.27 provides processing, clearing, or settlement services between or among persons exempted  
 2.28 by this section or licensees in connection with wire transfers, credit card transactions, debit

38.4 card transactions, stored-value transactions, automated clearing house transfers, or similar  
38.5 funds transfers;

38.6 (2) a person appointed as an agent of a payee to collect and process a payment from a  
38.7 payor to the payee for goods or services, other than money transmission itself, provided to  
38.8 the payor by the payee, provided that:

38.9 (i) there exists a written agreement between the payee and the agent directing the agent  
38.10 to collect and process payments from payors on the payee's behalf;

38.11 (ii) the payee holds the agent out to the public as accepting payments for goods or services  
38.12 on the payee's behalf; and

38.13 (iii) payment for the goods and services is treated as received by the payee upon receipt  
38.14 by the agent so that the payor's obligation is extinguished and there is no risk of loss to the  
38.15 payor if the agent fails to remit the funds to the payee;

38.16 (3) a person that acts as an intermediary by processing payments between an entity that  
38.17 has directly incurred an outstanding money transmission obligation to a sender, and the  
38.18 sender's designated recipient, provided that the entity:

38.19 (i) is properly licensed or exempt from licensing requirements under this chapter;

38.20 (ii) provides a receipt, electronic record, or other written confirmation to the sender  
38.21 identifying the entity as the provider of money transmission in the transaction; and

38.22 (iii) bears sole responsibility to satisfy the outstanding money transmission obligation  
38.23 to the sender, including the obligation to make the sender whole in connection with any  
38.24 failure to transmit the funds to the sender's designated recipient;

38.25 (4) the United States; a department, agency, or instrumentality of the United States; or  
38.26 an agent of the United States;

38.27 (5) money transmission by the United States Postal Service or by an agent of the United  
38.28 States Postal Service;

38.29 (6) a state; county; city; any other governmental agency, governmental subdivision, or  
38.30 instrumentality of a state; or the state's agent;

38.31 (7) a federally insured depository financial institution; bank holding company; office of  
38.32 an international banking corporation; foreign bank that establishes a federal branch pursuant  
39.1 to the International Bank Act, United States Code, title 12, section 3102, as amended or  
39.2 recodified from time to time; corporation organized pursuant to the Bank Service Corporation  
39.3 Act, United States Code, title 12, sections 1861 to 1867, as amended or recodified from  
39.4 time to time; or corporation organized under the Edge Act, United States Code, title 12,  
39.5 sections 611 to 633, as amended or recodified from time to time;

39.6 (8) electronic funds transfer of governmental benefits for a federal, state, county, or  
39.7 governmental agency by a contractor on behalf of the United States or a department, agency,

2.29 card transactions, stored-value transactions, automated clearing house transfers, or similar  
2.30 funds transfers;

3.1 (2) a person appointed as an agent of a payee to collect and process a payment from a  
3.2 payor to the payee for goods or services, other than money transmission itself, provided to  
3.3 the payor by the payee, provided that:

3.4 (i) there exists a written agreement between the payee and the agent directing the agent  
3.5 to collect and process payments from payors on the payee's behalf;

3.6 (ii) the payee holds the agent out to the public as accepting payments for goods or services  
3.7 on the payee's behalf; and

3.8 (iii) payment for the goods and services is treated as received by the payee upon receipt  
3.9 by the agent so that the payor's obligation is extinguished and there is no risk of loss to the  
3.10 payor if the agent fails to remit the funds to the payee;

3.11 (3) a person that acts as an intermediary by processing payments between an entity that  
3.12 has directly incurred an outstanding money transmission obligation to a sender, and the  
3.13 sender's designated recipient, provided that the entity:

3.14 (i) is properly licensed or exempt from licensing requirements under this chapter;

3.15 (ii) provides a receipt, electronic record, or other written confirmation to the sender  
3.16 identifying the entity as the provider of money transmission in the transaction; and

3.17 (iii) bears sole responsibility to satisfy the outstanding money transmission obligation  
3.18 to the sender, including the obligation to make the sender whole in connection with any  
3.19 failure to transmit the funds to the sender's designated recipient;

3.20 (4) the United States; a department, agency, or instrumentality of the United States; or  
3.21 an agent of the United States;

3.22 (5) money transmission by the United States Postal Service or by an agent of the United  
3.23 States Postal Service;

3.24 (6) a state; county; city; any other governmental agency, governmental subdivision, or  
3.25 instrumentality of a state; or the state's agent;

3.26 (7) a federally insured depository financial institution; bank holding company; office of  
3.27 an international banking corporation; foreign bank that establishes a federal branch pursuant  
3.28 to the International Bank Act, United States Code, title 12, section 3102, as amended or  
3.29 recodified from time to time; corporation organized pursuant to the Bank Service Corporation  
3.30 Act, United States Code, title 12, sections 1861 to 1867, as amended or recodified from  
3.31 time to time; or corporation organized under the Edge Act, United States Code, title 12,  
3.32 sections 611 to 633, as amended or recodified from time to time;

4.1 (8) electronic funds transfer of governmental benefits for a federal, state, county, or  
4.2 governmental agency by a contractor on behalf of the United States or a department, agency,

39.8 or instrumentality thereof, or on behalf of a state or governmental subdivision, agency, or  
 39.9 instrumentality thereof;

39.10 (9) a board of trade designated as a contract market under the federal Commodity  
 39.11 Exchange Act, United States Code, title 7, sections 1 to 25, as amended or recodified from  
 39.12 time to time; or a person that in the ordinary course of business provides clearance and  
 39.13 settlement services for a board of trade to the extent of its operation as or for a board;

39.14 (10) a registered futures commission merchant under the federal commodities laws, to  
 39.15 the extent of the registered futures commission merchant's operation as a merchant;

39.16 (11) a person registered as a securities broker-dealer under federal or state securities  
 39.17 laws, to the extent of the person's operation as a securities broker-dealer;

39.18 (12) an individual employed by a licensee, authorized delegate, or any person exempted  
 39.19 from the licensing requirements under this chapter when acting within the scope of  
 39.20 employment and under the supervision of the licensee, authorized delegate, or exempted  
 39.21 person as an employee and not as an independent contractor;

39.22 (13) a person expressly appointed as a third-party service provider to or agent of an  
 39.23 entity exempt under clause (7), solely to the extent that:

39.24 (i) the service provider or agent is engaging in money transmission on behalf of and  
 39.25 pursuant to a written agreement with the exempt entity that sets forth the specific functions  
 39.26 that the service provider or agent is to perform; and

39.27 (ii) the exempt entity assumes all risk of loss and all legal responsibility for satisfying  
 39.28 the outstanding money transmission obligations owed to purchasers and holders of the  
 39.29 outstanding money transmission obligations upon receipt of the purchaser's or holder's  
 39.30 money or monetary value by the service provider or agent; ~~or~~

39.31 (14) payroll processing services providers; or

40.1 ~~(14)~~ (15) a person exempt by regulation or order if the commissioner finds that (i) the  
 40.2 exemption is in the public interest, and (ii) the regulation of the person is not necessary for  
 40.3 the purposes of this chapter.

40.4 Sec. 16. Minnesota Statutes 2022, section 58.02, is amended by adding a subdivision to  
 40.5 read:

40.6 Subd. 15a. **Nationwide Multistate Licensing System and Registry.** "Nationwide  
 40.7 Multistate Licensing System and Registry" has the meaning given in section 58A.02,  
 40.8 subdivision 8.

40.9 Sec. 17. Minnesota Statutes 2022, section 58.02, subdivision 18, is amended to read:

40.10 Subd. 18. **Residential mortgage loan.** "Residential mortgage loan" means a loan secured  
 40.11 primarily by either: (1) a mortgage, deed of trust, or other equivalent security interest on  
 40.12 residential real ~~property~~ estate; or (2) certificates of stock or other evidence of ownership

4.3 or instrumentality thereof, or on behalf of a state or governmental subdivision, agency, or  
 4.4 instrumentality thereof;

4.5 (9) a board of trade designated as a contract market under the federal Commodity  
 4.6 Exchange Act, United States Code, title 7, sections 1 to 25, as amended or recodified from  
 4.7 time to time; or a person that in the ordinary course of business provides clearance and  
 4.8 settlement services for a board of trade to the extent of its operation as or for a board;

4.9 (10) a registered futures commission merchant under the federal commodities laws, to  
 4.10 the extent of the registered futures commission merchant's operation as a merchant;

4.11 (11) a person registered as a securities broker-dealer under federal or state securities  
 4.12 laws, to the extent of the person's operation as a securities broker-dealer;

4.13 (12) an individual employed by a licensee, authorized delegate, or any person exempted  
 4.14 from the licensing requirements under this chapter when acting within the scope of  
 4.15 employment and under the supervision of the licensee, authorized delegate, or exempted  
 4.16 person as an employee and not as an independent contractor;

4.17 (13) a person expressly appointed as a third-party service provider to or agent of an  
 4.18 entity exempt under clause (7), solely to the extent that:

4.19 (i) the service provider or agent is engaging in money transmission on behalf of and  
 4.20 pursuant to a written agreement with the exempt entity that sets forth the specific functions  
 4.21 that the service provider or agent is to perform; and

4.22 (ii) the exempt entity assumes all risk of loss and all legal responsibility for satisfying  
 4.23 the outstanding money transmission obligations owed to purchasers and holders of the  
 4.24 outstanding money transmission obligations upon receipt of the purchaser's or holder's  
 4.25 money or monetary value by the service provider or agent; ~~or~~

4.26 (14) a payroll processing services provider; or

4.27 ~~(14)~~ (15) a person exempt by regulation or order if the commissioner finds that (i) the  
 4.28 exemption is in the public interest, and (ii) the regulation of the person is not necessary for  
 4.29 the purposes of this chapter.

82.26 Sec. 23. Minnesota Statutes 2022, section 58.02, is amended by adding a subdivision to  
 82.27 read:

82.28 Subd. 15a. **Nationwide Multistate Licensing System and Registry.** "Nationwide  
 82.29 Multistate Licensing System and Registry" has the meaning given in section 58A.02,  
 82.30 subdivision 8.

83.1 Sec. 24. Minnesota Statutes 2022, section 58.02, subdivision 18, is amended to read:

83.2 Subd. 18. **Residential mortgage loan.** "Residential mortgage loan" means a loan secured  
 83.3 primarily by either: (1) a mortgage, deed of trust, or other equivalent security interest on  
 83.4 residential real ~~property~~ estate; or (2) certificates of stock or other evidence of ownership

40.13 interest in and proprietary lease from corporations, partnerships, or other forms of business  
 40.14 organizations formed for the purpose of cooperative ownership of residential real ~~property~~  
 40.15 ~~estate~~.

40.16 Sec. 18. Minnesota Statutes 2022, section 58.02, subdivision 21, is amended to read:

40.17 Subd. 21. **Residential real estate.** "Residential real estate" means real property located  
 40.18 in Minnesota upon which a dwelling, as defined in United States Code, title 15, section  
 40.19 1602(w), is constructed or is intended to be constructed, whether or not the owner occupies  
 40.20 the real property.

40.21 Sec. 19. Minnesota Statutes 2022, section 58.04, subdivision 1, is amended to read:

40.22 Subdivision 1. **Residential mortgage originator licensing requirements.** (a) No person  
 40.23 shall act as a residential mortgage originator, or make residential mortgage loans without  
 40.24 first obtaining a license from the commissioner according to the licensing procedures  
 40.25 provided in this chapter.

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

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

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

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

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

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

41.6 (5) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a  
 41.7 specific order issued by a court of competent jurisdiction;

41.8 (6) a person who is a bona fide nonprofit organization that meets all the criteria required  
 41.9 by the federal Secure and Fair Enforcement Licensing Act in Regulation H, adopted pursuant  
 41.10 to Code of Federal Regulations, title 12, part 1008, subpart B, section 1008.103 (e)(7)(ii);

41.11 ~~(6) (7)~~ a person exempted by order of the commissioner; or

41.12 ~~(7) (8)~~ a manufactured home dealer, as defined in section 327B.01, subdivision 7 or 11b,  
 41.13 or a manufactured home salesperson, as defined in section 327B.01, subdivision 19, that:

41.14 (i) performs only clerical or support duties in connection with assisting a consumer in  
 41.15 filling out a residential mortgage loan application but does not in any way offer or negotiate  
 41.16 loan terms, or hold themselves out as a housing counselor;

83.5 interest in and proprietary lease from corporations, partnerships, or other forms of business  
 83.6 organizations formed for the purpose of cooperative ownership of residential real ~~property~~  
 83.7 ~~estate~~.

83.8 Sec. 25. Minnesota Statutes 2022, section 58.02, subdivision 21, is amended to read:

83.9 Subd. 21. **Residential real estate.** "Residential real estate" means real property located  
 83.10 in Minnesota upon which a dwelling, as defined in United States Code, title 15, section  
 83.11 1602(w), is constructed or is intended to be constructed, whether or not the owner occupies  
 83.12 the real property.

83.13 Sec. 26. Minnesota Statutes 2022, section 58.04, subdivision 1, is amended to read:

83.14 Subdivision 1. **Residential mortgage originator licensing requirements.** (a) No person  
 83.15 shall act as a residential mortgage originator, or make residential mortgage loans without  
 83.16 first obtaining a license from the commissioner according to the licensing procedures  
 83.17 provided in this chapter.

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

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

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

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

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

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

83.28 (5) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a  
 83.29 specific order issued by a court of competent jurisdiction;

84.1 (6) a person who is a bona fide nonprofit organization that meets all the criteria required  
 84.2 by the federal Secure and Fair Enforcement Licensing Act in Regulation H, adopted pursuant  
 84.3 to Code of Federal Regulations, title 12, part 1008, subpart B, section 1008.103 (e)(7)(ii);

84.4 ~~(6) (7)~~ a person exempted by order of the commissioner; or

84.5 ~~(7) (8)~~ a manufactured home dealer, as defined in section 327B.01, subdivision 7 or 11b,  
 84.6 or a manufactured home salesperson, as defined in section 327B.01, subdivision 19, that:

84.7 (i) performs only clerical or support duties in connection with assisting a consumer in  
 84.8 filling out a residential mortgage loan application but does not in any way offer or negotiate  
 84.9 loan terms, or hold themselves out as a housing counselor;

41.17 (ii) does not receive any direct or indirect compensation or gain from any individual or  
 41.18 company for assisting consumers with a residential mortgage loan application, in excess of  
 41.19 the customary salary or commission from the employer in connection with the sales  
 41.20 transaction; and

41.21 (iii) discloses to the borrower in writing:

41.22 (A) if a corporate affiliation with a lender exists;

41.23 (B) if a corporate affiliation with a lender exists, that the lender cannot guarantee the  
 41.24 lowest or best terms available and the consumer has the right to choose their lender; and

41.25 (C) if a corporate affiliation with a lender exists, the name of at least one unaffiliated  
 41.26 lender.

41.27 (d) For the purposes of this subdivision, "housing counselor" means an individual who  
 41.28 provides assistance and guidance about residential mortgage loan terms including rates,  
 41.29 fees, or other costs.

41.30 (e) The disclosures required under paragraph (c), clause ~~(7)~~(8), item (iii), must be made  
 41.31 on a one-page form prescribed by the commissioner and developed in consultation with the  
 42.1 Manufactured and Modular Home Association. The form must be posted on the department's  
 42.2 website.

42.3 Sec. 20. Minnesota Statutes 2022, section 58.04, subdivision 2, is amended to read:

42.4 Subd. 2. **Residential mortgage servicer licensing requirements.** (a) Beginning August  
 42.5 1, 1999, no person shall engage in activities or practices that fall within the definition of  
 42.6 "servicing a residential mortgage loan" under section 58.02, subdivision 22, without first  
 42.7 obtaining a license from the commissioner according to the licensing procedures provided  
 42.8 in this chapter.

42.9 (b) The following persons are exempt from the residential mortgage servicer licensing  
 42.10 requirements:

42.11 (1) a person licensed as a residential mortgage originator;

42.12 (2) an employee of one licensee or one person holding a certificate of exemption based  
 42.13 on an exemption under this subdivision;

42.14 (3) a person servicing loans made with its own funds, if no more than three such loans  
 42.15 are made in any 12-month period;

42.16 (4) a financial institution as defined in section 58.02, subdivision 10;

42.17 (5) an agency of the federal government, or of a state or municipal government;

42.18 (6) an employee or employer pension plan making loans only to its participants;

84.10 (ii) does not receive any direct or indirect compensation or gain from any individual or  
 84.11 company for assisting consumers with a residential mortgage loan application, in excess of  
 84.12 the customary salary or commission from the employer in connection with the sales  
 84.13 transaction; and

84.14 (iii) discloses to the borrower in writing:

84.15 (A) if a corporate affiliation with a lender exists;

84.16 (B) if a corporate affiliation with a lender exists, that the lender cannot guarantee the  
 84.17 lowest or best terms available and the consumer has the right to choose their lender; and

84.18 (C) if a corporate affiliation with a lender exists, the name of at least one unaffiliated  
 84.19 lender.

84.20 (d) For the purposes of this subdivision, "housing counselor" means an individual who  
 84.21 provides assistance and guidance about residential mortgage loan terms including rates,  
 84.22 fees, or other costs.

84.23 (e) The disclosures required under paragraph (c), clause ~~(7)~~(8), item (iii), must be made  
 84.24 on a one-page form prescribed by the commissioner and developed in consultation with the  
 84.25 Manufactured and Modular Home Association. The form must be posted on the department's  
 84.26 website.

84.27 Sec. 27. Minnesota Statutes 2022, section 58.04, subdivision 2, is amended to read:

84.28 Subd. 2. **Residential mortgage servicer licensing requirements.** (a) Beginning August  
 84.29 1, 1999, no person shall engage in activities or practices that fall within the definition of  
 84.30 "servicing a residential mortgage loan" under section 58.02, subdivision 22, without first  
 84.31 obtaining a license from the commissioner according to the licensing procedures provided  
 84.32 in this chapter.

85.1 (b) The following persons are exempt from the residential mortgage servicer licensing  
 85.2 requirements:

85.3 (1) a person licensed as a residential mortgage originator;

85.4 (2) an employee of one licensee or one person holding a certificate of exemption based  
 85.5 on an exemption under this subdivision;

85.6 (3) a person servicing loans made with its own funds, if no more than three such loans  
 85.7 are made in any 12-month period;

85.8 (4) a financial institution as defined in section 58.02, subdivision 10;

85.9 (5) an agency of the federal government, or of a state or municipal government;

85.10 (6) an employee or employer pension plan making loans only to its participants;

42.19 (7) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a  
 42.20 specific order issued by a court of competent jurisdiction; ~~or~~

42.21 (8) a person who is a bona fide nonprofit organization that meets all the criteria required  
 42.22 by the federal Secure and Fair Enforcement Licensing Act in Regulation H, Code of Federal  
 42.23 Regulations, title 12, part 1008, subpart B, section 1008.103 (e)(7)(ii); or

42.24 ~~(8)~~ (9) a person exempted by order of the commissioner.

42.25 Sec. 21. Minnesota Statutes 2022, section 58.05, subdivision 1, is amended to read:

42.26 Subdivision 1. **Exempt person.** (a) An exempt person, as defined by section 58.04,  
 42.27 subdivision 1, paragraph (c), and subdivision 2, paragraph (b), is exempt from the licensing  
 42.28 requirements of this chapter, but is subject to all other provisions of this chapter.

42.29 (b) Paragraph (a) does not apply to an institution covered under section 58.04, subdivision  
 42.30 4, even if the institution is otherwise an exempt person.

43.1 Sec. 22. Minnesota Statutes 2022, section 58.05, subdivision 3, is amended to read:

43.2 Subd. 3. **Certificate of exemption.** ~~A person~~ (a) The following persons must obtain a  
 43.3 certificate of exemption from the commissioner to qualify as an exempt person under section  
 43.4 58.04, subdivision 1, paragraph (c): (1) a financial institution under section 58.04,  
 43.5 subdivision 1, paragraph (c), clause (2); (2) a bona fide nonprofit organization under section  
 43.6 58.04, subdivision 1, paragraph (c), clause (6); or (3) a person exempted by order of the  
 43.7 commissioner under section 58.04, subdivision 1, paragraph (c), clause (6); or (7).

43.8 (b) The following persons must obtain a certificate of exemption from the commissioner  
 43.9 to qualify as an exempt person under section 58.04, subdivision 2, paragraph (b), ~~as:~~ (1) a  
 43.10 financial institution under section 58.04, subdivision 2, paragraph (b), clause (4); (2) a bona  
 43.11 fide nonprofit organization under section 58.04, subdivision 2, paragraph (b), clause (8); or  
 43.12 (3) a person exempted by order of the commissioner under clause (8) (9).

43.13 Sec. 23. Minnesota Statutes 2022, section 58.06, is amended by adding a subdivision to  
 43.14 read:

43.15 Subd. 5. **Background checks.** In connection with an application for a residential mortgage  
 43.16 loan originator or servicer license, any person in control of an applicant must, at a minimum,  
 43.17 provide the Nationwide Multistate Licensing System and Registry information concerning  
 43.18 the person's identity, including:

85.11 (7) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a  
 85.12 specific order issued by a court of competent jurisdiction; ~~or~~

85.13 (8) a person who is a bona fide nonprofit organization that meets all the criteria required  
 85.14 by the federal Secure and Fair Enforcement Licensing Act in Regulation H, Code of Federal  
 85.15 Regulations, title 12, part 1008, subpart B, section 1008.103 (e)(7)(ii); or

85.16 ~~(8)~~ (9) a person exempted by order of the commissioner.

85.17 Sec. 28. Minnesota Statutes 2022, section 58.05, subdivision 1, is amended to read:

85.18 Subdivision 1. **Exempt person.** (a) An exempt person, as defined by section 58.04,  
 85.19 subdivision 1, paragraph (c), and subdivision 2, paragraph (b), is exempt from the licensing  
 85.20 requirements of this chapter, but is subject to all other provisions of this chapter.

85.21 (b) Paragraph (a) does not apply to an institution covered under section 58.04, subdivision  
 85.22 4, even if the institution is otherwise an exempt person.

85.23 Sec. 29. Minnesota Statutes 2022, section 58.05, subdivision 3, is amended to read:

85.24 Subd. 3. **Certificate of exemption.** ~~A person~~ (a) The following persons must obtain a  
 85.25 certificate of exemption from the commissioner to qualify as an exempt person under section  
 85.26 58.04, subdivision 1, paragraph (c), ~~a financial institution under clause (2);~~

85.27 (1) a bona fide nonprofit organization under section 58.04, subdivision 1, paragraph (c),  
 85.28 clause (6); or

85.29 (2) a person exempted by order of the commissioner under section 58.04, subdivision  
 85.30 1, paragraph (c), clause (6); or (7).

86.1 (b) The following persons must obtain a certificate of exemption from the commissioner  
 86.2 to qualify as an exempt person under section 58.04, subdivision 2, paragraph (b), ~~as a~~  
 86.3 financial institution under clause (4);

86.4 (1) a bona fide nonprofit organization under section 58.04, subdivision 2, paragraph (b),  
 86.5 clause (8); or

86.6 (2) a person exempted by order of the commissioner under section 58.04, subdivision  
 86.7 2, paragraph (b), clause (8) (9).

86.8 Sec. 30. Minnesota Statutes 2022, section 58.06, is amended by adding a subdivision to  
 86.9 read:

86.10 Subd. 5. **Background checks.** In connection with an application for a residential mortgage  
 86.11 loan originator or servicer license, any person in control of an applicant must, at a minimum,  
 86.12 provide the Nationwide Multistate Licensing System and Registry information concerning  
 86.13 the person's identity, including:

43.19 (1) fingerprints for submission to the Federal Bureau of Investigation and a governmental  
 43.20 agency or entity authorized to receive the information for a state, national, and international  
 43.21 criminal history background check; and

43.22 (2) personal history and experience in a form prescribed by the Nationwide Multistate  
 43.23 Licensing System and Registry, including the submission of authorization for the Nationwide  
 43.24 Multistate Licensing System and Registry and the commissioner to obtain;

43.25 (i) an independent credit report obtained from a consumer reporting agency described  
 43.26 in United States Code, title 15, section 1681a(p); and

43.27 (ii) information related to administrative, civil, or criminal findings by a governmental  
 43.28 jurisdiction.

43.29 Sec. 24. Minnesota Statutes 2022, section 58.06, is amended by adding a subdivision to  
 43.30 read:

43.31 Subd. 6. **Requesting and distributing criminal information; agency.** For the purposes  
 43.32 of this section and in order to reduce the points of contact the Federal Bureau of Investigation  
 44.1 may have to maintain for purposes of subdivision 5, clauses (1) and (2), the commissioner  
 44.2 may use the Nationwide Multistate Licensing System and Registry as a channeling agent  
 44.3 to request information from and distribute information to the United States Department of  
 44.4 Justice or any governmental agency.

44.5 Sec. 25. Minnesota Statutes 2022, section 58.06, is amended by adding a subdivision to  
 44.6 read:

44.7 Subd. 7. **Requesting and distributing noncriminal information; agency.** For the  
 44.8 purposes of this section and in order to reduce the points of contact the commissioner may  
 44.9 have to maintain for purposes of subdivision 5, clause (2), the commissioner may use the  
 44.10 Nationwide Multistate Licensing System and Registry as a channeling agent to request and  
 44.11 distribute information from and to any source, as directed by the commissioner.

44.12 Sec. 26. Minnesota Statutes 2022, section 58.08, subdivision 1a, is amended to read:

44.13 Subd. 1a. **Residential mortgage originators.** (a) An applicant for a residential mortgage  
 44.14 originator license must file with the department a surety bond in the amount of ~~\$100,000~~  
 44.15 ~~\$125,000~~, issued by an insurance company authorized to do so in this state. The bond must  
 44.16 cover all mortgage loan originators who are employees or independent agents of the applicant.  
 44.17 The bond must be available for the recovery of expenses, fines, and fees levied by the  
 44.18 commissioner under this chapter and for losses incurred by borrowers as a result of a  
 44.19 licensee's noncompliance with the requirements of this chapter, sections 325D.43 to 325D.48,  
 44.20 and 325F.67 to 325F.69, or breach of contract relating to activities regulated by this chapter.

44.21 (b) The bond must be submitted with the originator's license application and evidence  
 44.22 of continued coverage must be submitted with each renewal. Any change in the bond must  
 44.23 be submitted for approval by the commissioner, within ten days of its execution. The bond  
 44.24 or a substitute bond shall remain in effect during all periods of licensing.

86.14 (1) fingerprints for submission to the Federal Bureau of Investigation and a governmental  
 86.15 agency or entity authorized to receive the information for a state, national, and international  
 86.16 criminal history background check; and

86.17 (2) personal history and experience in a form prescribed by the Nationwide Multistate  
 86.18 Licensing System and Registry, including the submission of authorization for the Nationwide  
 86.19 Multistate Licensing System and Registry and the commissioner to obtain;

86.20 (i) an independent credit report obtained from a consumer reporting agency described  
 86.21 in United States Code, title 15, section 1681a(p); and

86.22 (ii) information related to administrative, civil, or criminal findings by a governmental  
 86.23 jurisdiction.

86.24 Sec. 31. Minnesota Statutes 2022, section 58.06, is amended by adding a subdivision to  
 86.25 read:

86.26 Subd. 6. **Requesting and distributing criminal information; agency.** For the purposes  
 86.27 of this section and in order to reduce the points of contact the Federal Bureau of Investigation  
 86.28 may have to maintain for purposes of subdivision 5, clauses (1) and (2), the commissioner  
 86.29 may use the Nationwide Multistate Licensing System and Registry as a channeling agent  
 86.30 to request information from and distribute information to the United States Department of  
 86.31 Justice or any governmental agency.

87.1 Sec. 32. Minnesota Statutes 2022, section 58.06, is amended by adding a subdivision to  
 87.2 read:

87.3 Subd. 7. **Requesting and distributing noncriminal information; agency.** For the  
 87.4 purposes of this section and in order to reduce the points of contact the commissioner may  
 87.5 have to maintain for purposes of subdivision 5, clause (2), the commissioner may use the  
 87.6 Nationwide Multistate Licensing System and Registry as a channeling agent to request and  
 87.7 distribute information from and to any source, as directed by the commissioner.

87.8 Sec. 33. Minnesota Statutes 2022, section 58.08, subdivision 1a, is amended to read:

87.9 Subd. 1a. **Residential mortgage originators.** (a) An applicant for a residential mortgage  
 87.10 originator license must file with the department a surety bond in the amount of ~~\$100,000~~  
 87.11 ~~\$125,000~~, issued by an insurance company authorized to do so in this state. The bond must  
 87.12 cover all mortgage loan originators who are employees or independent agents of the applicant.  
 87.13 The bond must be available for the recovery of expenses, fines, and fees levied by the  
 87.14 commissioner under this chapter and for losses incurred by borrowers as a result of a  
 87.15 licensee's noncompliance with the requirements of this chapter, sections 325D.43 to 325D.48,  
 87.16 and 325F.67 to 325F.69, or breach of contract relating to activities regulated by this chapter.

87.17 (b) The bond must be submitted with the originator's license application and evidence  
 87.18 of continued coverage must be submitted with each renewal. Any change in the bond must  
 87.19 be submitted for approval by the commissioner, within ten days of its execution. The bond  
 87.20 or a substitute bond shall remain in effect during all periods of licensing.

44.25 (c) Upon filing of the mortgage call report as required by section ~~58A.17~~ 58.141, a  
 44.26 licensee shall maintain or increase ~~its~~ the licensee's surety bond to reflect the total dollar  
 44.27 amount of the closed residential mortgage loans originated in this state in the preceding  
 44.28 year according to the table in this paragraph. A licensee may decrease ~~its~~ the licensee's  
 44.29 surety bond according to the table in this paragraph if the surety bond required is less than  
 44.30 the amount of the surety bond on file with the department.

44.31	Dollar Amount of Closed Residential	Surety Bond Required
44.32	Mortgage Loans	
44.33	\$0 to <del>\$5,000,000</del> <u>\$10,000,000</u>	<del>\$100,000</del> <u>\$125,000</u>
45.1	<del>\$5,000,000.01</del> <u>\$10,000,000.01 to \$10,000,000</u>	
45.2	<del>\$25,000,000</del>	<del>\$125,000</del> <u>\$150,000</u>
45.3	<del>\$10,000,000.01</del> <u>\$25,000,000.01 to</u>	
45.4	<del>\$25,000,000</del> <u>\$100,000,000</u>	<del>\$150,000</del> <u>\$200,000</u>
45.5	Over <del>\$25,000,000</del> <u>\$100,000,000</u>	<del>\$200,000</del> <u>\$300,000</u>

45.6 For purposes of this subdivision, "mortgage loan originator" has the meaning given the  
 45.7 term in section 58A.02, subdivision 7.

45.8 Sec. 27. Minnesota Statutes 2022, section 58.08, subdivision 2, is amended to read:

45.9 Subd. 2. **Residential mortgage servicers.** (a) A residential mortgage servicer licensee  
 45.10 shall continuously maintain a surety bond or irrevocable letter of credit in an amount not  
 45.11 less than ~~\$100,000~~ \$125,000 in a form approved by the commissioner, issued by an insurance  
 45.12 company or bank authorized to do so in this state. The bond or irrevocable letter of credit  
 45.13 must be available for the recovery of expenses, fines, and fees levied by the commissioner  
 45.14 under this chapter, and for losses or damages incurred by borrowers or other aggrieved  
 45.15 parties as the result of a licensee's noncompliance with the requirements of this chapter,  
 45.16 sections 325D.43 to 325D.48, and 325F.67 to 325F.69, or breach of contract relating to  
 45.17 activities regulated by this chapter.

45.18 (b) The bond or irrevocable letter of credit must be submitted with the servicer's license  
 45.19 application and evidence of continued coverage must be submitted with each renewal. Any  
 45.20 change in the bond or letter of credit must be submitted for approval by the commissioner,  
 45.21 within ten days of its execution. The bond or a substitute bond must remain in effect during  
 45.22 all periods of a license.

45.23 (c) Upon filing the mortgage call report under section 58.141, a licensee must maintain  
 45.24 or increase the licensee's surety bond to reflect the total dollar amount of unpaid principal  
 45.25 balance for residential mortgage loans serviced in Minnesota during the preceding quarter  
 45.26 according to the table in this paragraph. A licensee may decrease the licensee's surety bond

87.21 (c) Upon filing of the mortgage call report as required by section ~~58A.17~~ 58.141, a  
 87.22 licensee shall maintain or increase ~~its~~ the licensee's surety bond to reflect the total dollar  
 87.23 amount of the closed residential mortgage loans originated in this state in the preceding  
 87.24 year according to the table in this paragraph. A licensee may decrease ~~its~~ the licensee's  
 87.25 surety bond according to the table in this paragraph if the surety bond required is less than  
 87.26 the amount of the surety bond on file with the department.

87.27	Dollar Amount of Closed Residential	Surety Bond Required
87.28	Mortgage Loans	
87.29	\$0 to <del>\$5,000,000</del> <u>\$10,000,000</u>	<del>\$100,000</del> <u>\$125,000</u>
87.30	<del>\$5,000,000.01</del> <u>\$10,000,000.01 to \$10,000,000</u>	
87.31	<del>\$25,000,000</del>	<del>\$125,000</del> <u>\$150,000</u>
87.32	<del>\$10,000,000.01</del> <u>\$25,000,000.01 to</u>	
87.33	<del>\$25,000,000</del> <u>\$100,000,000</u>	<del>\$150,000</del> <u>\$200,000</u>
87.34	Over <del>\$25,000,000</del> <u>\$100,000,000</u>	<del>\$200,000</del> <u>\$300,000</u>

88.1 For purposes of this subdivision, "mortgage loan originator" has the meaning given the  
 88.2 term in section 58A.02, subdivision 7.

88.3 Sec. 34. Minnesota Statutes 2022, section 58.08, subdivision 2, is amended to read:

88.4 Subd. 2. **Residential mortgage servicers.** (a) A residential mortgage servicer licensee  
 88.5 shall continuously maintain a surety bond or irrevocable letter of credit in an amount not  
 88.6 less than ~~\$100,000~~ \$125,000 in a form approved by the commissioner, issued by an insurance  
 88.7 company or bank authorized to do so in this state. The bond or irrevocable letter of credit  
 88.8 must be available for the recovery of expenses, fines, and fees levied by the commissioner  
 88.9 under this chapter, and for losses or damages incurred by borrowers or other aggrieved  
 88.10 parties as the result of a licensee's noncompliance with the requirements of this chapter,  
 88.11 sections 325D.43 to 325D.48, and 325F.67 to 325F.69, or breach of contract relating to  
 88.12 activities regulated by this chapter.

88.13 (b) The bond or irrevocable letter of credit must be submitted with the servicer's license  
 88.14 application and evidence of continued coverage must be submitted with each renewal. Any  
 88.15 change in the bond or letter of credit must be submitted for approval by the commissioner,  
 88.16 within ten days of its execution. The bond or a substitute bond must remain in effect during  
 88.17 all periods of a license.

88.18 (c) Upon filing the mortgage call report under section 58.141, a licensee must maintain  
 88.19 or increase the licensee's surety bond to reflect the total dollar amount of unpaid principal  
 88.20 balance for residential mortgage loans serviced in Minnesota during the preceding quarter  
 88.21 according to the table in this paragraph. A licensee may decrease the licensee's surety bond

45.27 according to the table in this paragraph if the surety bond required is less than the amount  
 45.28 of the surety bond on file with the department.

45.29	<u>Dollar Amount of Unpaid Principal Balance</u>	<u>Surety Bond Required</u>
45.30	<u>for Serviced Residential Mortgage Loans</u>	

45.31	<u>\$0 to \$10,000,000</u>	<u>\$125,000</u>
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45.32	<u>\$10,000,000.01 to \$50,000,000</u>	<u>\$200,000</u>
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45.33	<u>Over \$50,000,000</u>	<u>\$300,000</u>
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46.1 Sec. 28. Minnesota Statutes 2022, section 58.10, subdivision 3, is amended to read:

46.2 Subd. 3. **Consumer education account; money credited and appropriated.** (a) The  
 46.3 consumer education account is created in the special revenue fund. Money credited to this  
 46.4 account may be appropriated to the commissioner ~~for the purpose of making to:~~ (1) make  
 46.5 grants to programs and campaigns designed to help consumers avoid being victimized by  
 46.6 unscrupulous lenders and mortgage brokers; and (2) pay for expenses the commissioner  
 46.7 incurs to provide outreach and education related to affordable housing and home ownership  
 46.8 education. ~~The commissioner must give preference shall be given for grants to programs~~  
 46.9 and campaigns designed by coalitions of public sector, private sector, and nonprofit agencies,  
 46.10 institutions, companies, and organizations.

46.11 (b) A sum sufficient is appropriated annually from the consumer education account to  
 46.12 the commissioner to make the grants described in paragraph (a).

46.13 Sec. 29. Minnesota Statutes 2022, section 58.115, is amended to read:

46.14 **58.115 EXAMINATIONS.**

46.15 The commissioner has under this chapter the same powers with respect to examinations  
 46.16 that the commissioner has under section 46.04. In addition to the powers under section  
 46.17 46.04, the commissioner may accept examination reports prepared by a state agency that  
 46.18 has comparable supervisory powers and examination procedures. The authority under section  
 46.19 49.411, subdivision 7, applies to examinations of institutions under this chapter.

46.20 Sec. 30. Minnesota Statutes 2022, section 58.13, subdivision 1, is amended to read:

46.21 Subdivision 1. **Generally.** (a) No person acting as a residential mortgage originator or  
 46.22 servicer, including a person required to be licensed under this chapter, and no person exempt  
 46.23 from the licensing requirements of this chapter under section 58.04, except as otherwise  
 46.24 provided in paragraph (b), shall:

46.25 (1) fail to maintain a trust account to hold trust funds received in connection with a  
 46.26 residential mortgage loan;

88.22 according to the table in this paragraph if the surety bond required is less than the amount  
 88.23 of the surety bond on file with the department.

88.24	<u>Dollar Amount of Unpaid Principal Balance</u>	<u>Surety Bond Required</u>
88.25	<u>for Serviced Residential Mortgage Loans</u>	

88.26	<u>\$0 to \$10,000,000</u>	<u>\$125,000</u>
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88.27	<u>\$10,000,000.01 to \$50,000,000</u>	<u>\$200,000</u>
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88.28	<u>Over \$50,000,000</u>	<u>\$300,000</u>
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88.29 Sec. 35. Minnesota Statutes 2022, section 58.10, subdivision 3, is amended to read:

88.30 Subd. 3. **Consumer education account; money credited and appropriated.** (a) The  
 88.31 consumer education account is created in the special revenue fund. Money credited to this  
 88.32 account may be appropriated to the commissioner ~~for the purpose of making to:~~ (1) make  
 88.33 grants to programs and campaigns designed to help consumers avoid being victimized by  
 89.1 unscrupulous lenders and mortgage brokers; and (2) pay for expenses the commissioner  
 89.2 incurs to provide outreach and education related to affordable housing and home ownership  
 89.3 education. ~~The commissioner must give preference shall be given for grants to programs~~  
 89.4 and campaigns designed by coalitions of public sector, private sector, and nonprofit agencies,  
 89.5 institutions, companies, and organizations.

89.6 (b) A sum sufficient is appropriated annually from the consumer education account to  
 89.7 the commissioner to make the grants described in paragraph (a).

89.8 Sec. 36. Minnesota Statutes 2022, section 58.115, is amended to read:

89.9 **58.115 EXAMINATIONS.**

89.10 The commissioner has under this chapter the same powers with respect to examinations  
 89.11 that the commissioner has under section 46.04. In addition to the powers under section  
 89.12 46.04, the commissioner may accept examination reports prepared by a state agency that  
 89.13 has comparable supervisory powers and examination procedures. The authority under section  
 89.14 49.411, subdivision 7, applies to examinations of institutions under this chapter.

89.15 Sec. 37. Minnesota Statutes 2022, section 58.13, subdivision 1, is amended to read:

89.16 Subdivision 1. **Generally.** (a) No person acting as a residential mortgage originator or  
 89.17 servicer, including a person required to be licensed under this chapter, and no person exempt  
 89.18 from the licensing requirements of this chapter under section 58.04, except as otherwise  
 89.19 provided in paragraph (b), shall:

89.20 (1) fail to maintain a trust account to hold trust funds received in connection with a  
 89.21 residential mortgage loan;

46.27 (2) fail to deposit all trust funds into a trust account within three business days of receipt;  
 46.28 commingle trust funds with funds belonging to the licensee or exempt person; or use trust  
 46.29 account funds for any purpose other than that for which they are received;

46.30 (3) unreasonably delay the processing of a residential mortgage loan application, or the  
 46.31 closing of a residential mortgage loan. For purposes of this clause, evidence of unreasonable  
 47.1 delay includes but is not limited to those factors identified in section 47.206, subdivision  
 47.2 7, paragraph (d);

47.3 (4) fail to disburse funds according to its contractual or statutory obligations;

47.4 (5) fail to perform in conformance with its written agreements with borrowers, investors,  
 47.5 other licensees, or exempt persons;

47.6 (6) charge a fee for a product or service where the product or service is not actually  
 47.7 provided, or misrepresent the amount charged by or paid to a third party for a product or  
 47.8 service;

47.9 (7) fail to comply with sections 345.31 to 345.60, the Minnesota unclaimed property  
 47.10 law;

47.11 (8) violate any provision of any other applicable state or federal law regulating residential  
 47.12 mortgage loans including, without limitation, sections 47.20 to 47.208 and 47.58;

47.13 (9) make or cause to be made, directly or indirectly, any false, deceptive, or misleading  
 47.14 statement or representation in connection with a residential loan transaction including,  
 47.15 without limitation, a false, deceptive, or misleading statement or representation regarding  
 47.16 the borrower's ability to qualify for any mortgage product;

47.17 (10) conduct residential mortgage loan business under any name other than that under  
 47.18 which the license or certificate of exemption was issued;

47.19 (11) compensate, whether directly or indirectly, coerce or intimidate an appraiser for  
 47.20 the purpose of influencing the independent judgment of the appraiser with respect to the  
 47.21 value of real estate that is to be covered by a residential mortgage or is being offered as  
 47.22 security according to an application for a residential mortgage loan;

47.23 (12) issue any document indicating conditional qualification or conditional approval for  
 47.24 a residential mortgage loan, unless the document also clearly indicates that final qualification  
 47.25 or approval is not guaranteed, and may be subject to additional review;

47.26 (13) make or assist in making any residential mortgage loan with the intent that the loan  
 47.27 will not be repaid and that the residential mortgage originator will obtain title to the property  
 47.28 through foreclosure;

47.29 (14) provide or offer to provide for a borrower, any brokering or lending services under  
 47.30 an arrangement with a person other than a licensee or exempt person, provided that a person

89.22 (2) fail to deposit all trust funds into a trust account within three business days of receipt;  
 89.23 commingle trust funds with funds belonging to the licensee or exempt person; or use trust  
 89.24 account funds for any purpose other than that for which they are received;

89.25 (3) unreasonably delay the processing of a residential mortgage loan application, or the  
 89.26 closing of a residential mortgage loan. For purposes of this clause, evidence of unreasonable  
 89.27 delay includes but is not limited to those factors identified in section 47.206, subdivision  
 89.28 7, paragraph (d);

89.29 (4) fail to disburse funds according to its contractual or statutory obligations;

89.30 (5) fail to perform in conformance with its written agreements with borrowers, investors,  
 89.31 other licensees, or exempt persons;

90.1 (6) charge a fee for a product or service where the product or service is not actually  
 90.2 provided, or misrepresent the amount charged by or paid to a third party for a product or  
 90.3 service;

90.4 (7) fail to comply with sections 345.31 to 345.60, the Minnesota unclaimed property  
 90.5 law;

90.6 (8) violate any provision of any other applicable state or federal law regulating residential  
 90.7 mortgage loans including, without limitation, sections 47.20 to 47.208 and 47.58;

90.8 (9) make or cause to be made, directly or indirectly, any false, deceptive, or misleading  
 90.9 statement or representation in connection with a residential loan transaction including,  
 90.10 without limitation, a false, deceptive, or misleading statement or representation regarding  
 90.11 the borrower's ability to qualify for any mortgage product;

90.12 (10) conduct residential mortgage loan business under any name other than that under  
 90.13 which the license or certificate of exemption was issued;

90.14 (11) compensate, whether directly or indirectly, coerce or intimidate an appraiser for  
 90.15 the purpose of influencing the independent judgment of the appraiser with respect to the  
 90.16 value of real estate that is to be covered by a residential mortgage or is being offered as  
 90.17 security according to an application for a residential mortgage loan;

90.18 (12) issue any document indicating conditional qualification or conditional approval for  
 90.19 a residential mortgage loan, unless the document also clearly indicates that final qualification  
 90.20 or approval is not guaranteed, and may be subject to additional review;

90.21 (13) make or assist in making any residential mortgage loan with the intent that the loan  
 90.22 will not be repaid and that the residential mortgage originator will obtain title to the property  
 90.23 through foreclosure;

90.24 (14) provide or offer to provide for a borrower, any brokering or lending services under  
 90.25 an arrangement with a person other than a licensee or exempt person, provided that a person

47.31 may rely upon a written representation by the residential mortgage originator that it is in  
 47.32 compliance with the licensing requirements of this chapter;

48.1 (15) claim to represent a licensee or exempt person, unless the person is an employee  
 48.2 of the licensee or exempt person or unless the person has entered into a written agency  
 48.3 agreement with the licensee or exempt person;

48.4 (16) fail to comply with the record keeping and notification requirements identified in  
 48.5 section 58.14 or fail to abide by the affirmations made on the application for licensure;

48.6 (17) represent that the licensee or exempt person is acting as the borrower's agent after  
 48.7 providing the nonagency disclosure required by section 58.15, unless the disclosure is  
 48.8 retracted and the licensee or exempt person complies with all of the requirements of section  
 48.9 58.16;

48.10 (18) make, provide, or arrange for a residential mortgage loan that is of a lower investment  
 48.11 grade if the borrower's credit score or, if the originator does not utilize credit scoring or if  
 48.12 a credit score is unavailable, then comparable underwriting data, indicates that the borrower  
 48.13 may qualify for a residential mortgage loan, available from or through the originator, that  
 48.14 is of a higher investment grade, unless the borrower is informed that the borrower may  
 48.15 qualify for a higher investment grade loan with a lower interest rate and/or lower discount  
 48.16 points, and consents in writing to receipt of the lower investment grade loan;

48.17 For purposes of this section, "investment grade" refers to a system of categorizing  
 48.18 residential mortgage loans in which the loans are distinguished by interest rate or discount  
 48.19 points or both charged to the borrower, which vary according to the degree of perceived  
 48.20 risk of default based on factors such as the borrower's credit, including credit score and  
 48.21 credit patterns, income and employment history, debt ratio, loan-to-value ratio, and prior  
 48.22 bankruptcy or foreclosure;

48.23 (19) make, publish, disseminate, circulate, place before the public, or cause to be made,  
 48.24 directly or indirectly, any advertisement or marketing materials of any type, or any statement  
 48.25 or representation relating to the business of residential mortgage loans that is false, deceptive,  
 48.26 or misleading;

48.27 (20) advertise loan types or terms that are not available from or through the licensee or  
 48.28 exempt person on the date advertised, or on the date specified in the advertisement. For  
 48.29 purposes of this clause, advertisement includes, but is not limited to, a list of sample mortgage  
 48.30 terms, including interest rates, discount points, and closing costs provided by licensees or  
 48.31 exempt persons to a print or electronic medium that presents the information to the public;

48.32 (21) use or employ phrases, pictures, return addresses, geographic designations, or other  
 48.33 means that create the impression, directly or indirectly, that a licensee or other person is a  
 49.1 governmental agency, or is associated with, sponsored by, or in any manner connected to,  
 49.2 related to, or endorsed by a governmental agency, if that is not the case;

49.3 (22) violate section 82.77, relating to table funding;

90.26 may rely upon a written representation by the residential mortgage originator that it is in  
 90.27 compliance with the licensing requirements of this chapter;

90.28 (15) claim to represent a licensee or exempt person, unless the person is an employee  
 90.29 of the licensee or exempt person or unless the person has entered into a written agency  
 90.30 agreement with the licensee or exempt person;

90.31 (16) fail to comply with the record keeping and notification requirements identified in  
 90.32 section 58.14 or fail to abide by the affirmations made on the application for licensure;

91.1 (17) represent that the licensee or exempt person is acting as the borrower's agent after  
 91.2 providing the nonagency disclosure required by section 58.15, unless the disclosure is  
 91.3 retracted and the licensee or exempt person complies with all of the requirements of section  
 91.4 58.16;

91.5 (18) make, provide, or arrange for a residential mortgage loan that is of a lower investment  
 91.6 grade if the borrower's credit score or, if the originator does not utilize credit scoring or if  
 91.7 a credit score is unavailable, then comparable underwriting data, indicates that the borrower  
 91.8 may qualify for a residential mortgage loan, available from or through the originator, that  
 91.9 is of a higher investment grade, unless the borrower is informed that the borrower may  
 91.10 qualify for a higher investment grade loan with a lower interest rate and/or lower discount  
 91.11 points, and consents in writing to receipt of the lower investment grade loan;

91.12 For purposes of this section, "investment grade" refers to a system of categorizing  
 91.13 residential mortgage loans in which the loans are distinguished by interest rate or discount  
 91.14 points or both charged to the borrower, which vary according to the degree of perceived  
 91.15 risk of default based on factors such as the borrower's credit, including credit score and  
 91.16 credit patterns, income and employment history, debt ratio, loan-to-value ratio, and prior  
 91.17 bankruptcy or foreclosure;

91.18 (19) make, publish, disseminate, circulate, place before the public, or cause to be made,  
 91.19 directly or indirectly, any advertisement or marketing materials of any type, or any statement  
 91.20 or representation relating to the business of residential mortgage loans that is false, deceptive,  
 91.21 or misleading;

91.22 (20) advertise loan types or terms that are not available from or through the licensee or  
 91.23 exempt person on the date advertised, or on the date specified in the advertisement. For  
 91.24 purposes of this clause, advertisement includes, but is not limited to, a list of sample mortgage  
 91.25 terms, including interest rates, discount points, and closing costs provided by licensees or  
 91.26 exempt persons to a print or electronic medium that presents the information to the public;

91.27 (21) use or employ phrases, pictures, return addresses, geographic designations, or other  
 91.28 means that create the impression, directly or indirectly, that a licensee or other person is a  
 91.29 governmental agency, or is associated with, sponsored by, or in any manner connected to,  
 91.30 related to, or endorsed by a governmental agency, if that is not the case;

91.31 (22) violate section 82.77, relating to table funding;

49.4 (23) make, provide, or arrange for a residential mortgage loan all or a portion of the  
 49.5 proceeds of which are used to fully or partially pay off a "special mortgage" unless the  
 49.6 borrower has obtained a written certification from an authorized independent loan counselor  
 49.7 that the borrower has received counseling on the advisability of the loan transaction. For  
 49.8 purposes of this section, "special mortgage" means a residential mortgage loan originated,  
 49.9 subsidized, or guaranteed by or through a state, tribal, or local government, or nonprofit  
 49.10 organization, that bears one or more of the following nonstandard payment terms which  
 49.11 substantially benefit the borrower: (i) payments vary with income; (ii) payments of principal  
 49.12 or interest are not required or can be deferred under specified conditions; (iii) principal or  
 49.13 interest is forgivable under specified conditions; or (iv) where no interest or an annual  
 49.14 interest rate of two percent or less is charged in connection with the loan. For purposes of  
 49.15 this section, "authorized independent loan counselor" means a nonprofit, third-party  
 49.16 individual or organization providing home buyer education programs, foreclosure prevention  
 49.17 services, mortgage loan counseling, or credit counseling certified by the United States  
 49.18 Department of Housing and Urban Development, the Minnesota Home Ownership Center,  
 49.19 the Minnesota Mortgage Foreclosure Prevention Association, AARP, or NeighborWorks  
 49.20 America;

49.21 (24) make, provide, or arrange for a residential mortgage loan without verifying the  
 49.22 borrower's reasonable ability to pay the scheduled payments of the following, as applicable:  
 49.23 principal; interest; real estate taxes; homeowner's insurance, assessments, and mortgage  
 49.24 insurance premiums. For loans in which the interest rate may vary, the reasonable ability  
 49.25 to pay shall be determined based on a fully indexed rate and a repayment schedule which  
 49.26 achieves full amortization over the life of the loan. For all residential mortgage loans, the  
 49.27 borrower's income and financial resources must be verified by tax returns, payroll receipts,  
 49.28 bank records, or other similarly reliable documents.

49.29 Nothing in this section shall be construed to limit a mortgage originator's or exempt  
 49.30 person's ability to rely on criteria other than the borrower's income and financial resources  
 49.31 to establish the borrower's reasonable ability to repay the residential mortgage loan, including  
 49.32 criteria established by the United States Department of Veterans Affairs or the United States  
 49.33 Department of Housing and Urban Development for interest rate reduction refinancing loans  
 49.34 or streamline loans, or criteria authorized or promulgated by the Federal National Mortgage  
 49.35 Association or Federal Home Loan Mortgage Corporation; however, such other criteria  
 50.1 must be verified through reasonably reliable methods and documentation. The mortgage  
 50.2 originator's analysis of the borrower's reasonable ability to repay may include, but is not  
 50.3 limited to, consideration of the following items, if verified: (1) the borrower's current and  
 50.4 expected income; (2) current and expected cash flow; (3) net worth and other financial  
 50.5 resources other than the consumer's equity in the dwelling that secures the loan; (4) current  
 50.6 financial obligations; (5) property taxes and insurance; (6) assessments on the property; (7)  
 50.7 employment status; (8) credit history; (9) debt-to-income ratio; (10) credit scores; (11) tax  
 50.8 returns; (12) pension statements; and (13) employment payment records, provided that no  
 50.9 mortgage originator shall disregard facts and circumstances that indicate that the financial  
 50.10 or other information submitted by the consumer is inaccurate or incomplete. A statement

91.32 (23) make, provide, or arrange for a residential mortgage loan all or a portion of the  
 91.33 proceeds of which are used to fully or partially pay off a "special mortgage" unless the  
 91.34 borrower has obtained a written certification from an authorized independent loan counselor  
 92.1 that the borrower has received counseling on the advisability of the loan transaction. For  
 92.2 purposes of this section, "special mortgage" means a residential mortgage loan originated,  
 92.3 subsidized, or guaranteed by or through a state, tribal, or local government, or nonprofit  
 92.4 organization, that bears one or more of the following nonstandard payment terms which  
 92.5 substantially benefit the borrower: (i) payments vary with income; (ii) payments of principal  
 92.6 or interest are not required or can be deferred under specified conditions; (iii) principal or  
 92.7 interest is forgivable under specified conditions; or (iv) where no interest or an annual  
 92.8 interest rate of two percent or less is charged in connection with the loan. For purposes of  
 92.9 this section, "authorized independent loan counselor" means a nonprofit, third-party  
 92.10 individual or organization providing home buyer education programs, foreclosure prevention  
 92.11 services, mortgage loan counseling, or credit counseling certified by the United States  
 92.12 Department of Housing and Urban Development, the Minnesota Home Ownership Center,  
 92.13 the Minnesota Mortgage Foreclosure Prevention Association, AARP, or NeighborWorks  
 92.14 America;

92.15 (24) make, provide, or arrange for a residential mortgage loan without verifying the  
 92.16 borrower's reasonable ability to pay the scheduled payments of the following, as applicable:  
 92.17 principal; interest; real estate taxes; homeowner's insurance, assessments, and mortgage  
 92.18 insurance premiums. For loans in which the interest rate may vary, the reasonable ability  
 92.19 to pay shall be determined based on a fully indexed rate and a repayment schedule which  
 92.20 achieves full amortization over the life of the loan. For all residential mortgage loans, the  
 92.21 borrower's income and financial resources must be verified by tax returns, payroll receipts,  
 92.22 bank records, or other similarly reliable documents.

92.23 Nothing in this section shall be construed to limit a mortgage originator's or exempt  
 92.24 person's ability to rely on criteria other than the borrower's income and financial resources  
 92.25 to establish the borrower's reasonable ability to repay the residential mortgage loan, including  
 92.26 criteria established by the United States Department of Veterans Affairs or the United States  
 92.27 Department of Housing and Urban Development for interest rate reduction refinancing loans  
 92.28 or streamline loans, or criteria authorized or promulgated by the Federal National Mortgage  
 92.29 Association or Federal Home Loan Mortgage Corporation; however, such other criteria  
 92.30 must be verified through reasonably reliable methods and documentation. The mortgage  
 92.31 originator's analysis of the borrower's reasonable ability to repay may include, but is not  
 92.32 limited to, consideration of the following items, if verified: (1) the borrower's current and  
 92.33 expected income; (2) current and expected cash flow; (3) net worth and other financial  
 92.34 resources other than the consumer's equity in the dwelling that secures the loan; (4) current  
 92.35 financial obligations; (5) property taxes and insurance; (6) assessments on the property; (7)  
 93.1 employment status; (8) credit history; (9) debt-to-income ratio; (10) credit scores; (11) tax  
 93.2 returns; (12) pension statements; and (13) employment payment records, provided that no  
 93.3 mortgage originator shall disregard facts and circumstances that indicate that the financial  
 93.4 or other information submitted by the consumer is inaccurate or incomplete. A statement

50.11 by the borrower to the residential mortgage originator or exempt person of the borrower's  
 50.12 income and resources or sole reliance on any single item listed above is not sufficient to  
 50.13 establish the existence of the income or resources when verifying the reasonable ability to  
 50.14 pay;

50.15 (25) engage in "churning." As used in this section, "churning" means knowingly or  
 50.16 intentionally making, providing, or arranging for a residential mortgage loan when the new  
 50.17 residential mortgage loan does not provide a reasonable, tangible net benefit to the borrower  
 50.18 considering all of the circumstances, including the terms of both the new and refinanced  
 50.19 loans, the cost of the new loan, and the borrower's circumstances. In order to demonstrate  
 50.20 a reasonable, tangible net benefit to the borrower, the circumstances must be documented  
 50.21 in writing and must be signed by the borrower and lender three days before the closing date.  
 50.22 The written analysis must, with respect to the prior loan and the new loan, document the:  
 50.23 (i) origination date; (ii) loan amount; (iii) loan balance; (iv) loan term; (v) loan program;  
 50.24 (vi) type of loan; (vii) interest rate; (viii) monthly amount of principal and interest paid; (ix)  
 50.25 monthly amount of private mortgage insurance paid; (x) loan purpose; (xi) loan origination  
 50.26 cost; (xii) cash to borrower, if applicable; and (xiii) time to recoup the loan cost, if applicable,  
 50.27 expressed in months;

50.28 (26) the first time a residential mortgage originator orally informs a borrower of the  
 50.29 anticipated or actual periodic payment amount for a first-lien residential mortgage loan  
 50.30 which does not include an amount for payment of property taxes and hazard insurance, the  
 50.31 residential mortgage originator must inform the borrower that an additional amount will be  
 50.32 due for taxes and insurance and, if known, disclose to the borrower the amount of the  
 50.33 anticipated or actual periodic payments for property taxes and hazard insurance. This same  
 50.34 oral disclosure must be made each time the residential mortgage originator orally informs  
 50.35 the borrower of a different anticipated or actual periodic payment amount change from the  
 51.1 amount previously disclosed. A residential mortgage originator need not make this disclosure  
 51.2 concerning a refinancing loan if the residential mortgage originator knows that the borrower's  
 51.3 existing loan that is anticipated to be refinanced does not have an escrow account; or

51.4 (27) make, provide, or arrange for a residential mortgage loan, other than a reverse  
 51.5 mortgage pursuant to United States Code, title 15, chapter 41, if the borrower's compliance  
 51.6 with any repayment option offered pursuant to the terms of the loan will result in negative  
 51.7 amortization during any six-month period.

51.8 (b) Paragraph (a), clauses (24) through (27), do not apply to a state or federally chartered  
 51.9 bank, savings bank, or credit union, an institution chartered by Congress under the Farm  
 51.10 Credit Act, or to a person making, providing, or arranging a residential mortgage loan  
 51.11 originated or purchased by a state agency or a tribal or local unit of government. This  
 51.12 paragraph supersedes any inconsistent provision of this chapter.

51.13 Sec. 31. **[58.141] REPORTS AND UNIQUE IDENTIFIER.**

51.14 Subdivision 1. Mortgage call reports. A residential mortgage originator or servicer  
 51.15 must submit reports of condition to the Nationwide Multistate Licensing System and Registry.

93.5 by the borrower to the residential mortgage originator or exempt person of the borrower's  
 93.6 income and resources or sole reliance on any single item listed above is not sufficient to  
 93.7 establish the existence of the income or resources when verifying the reasonable ability to  
 93.8 pay;

93.9 (25) engage in "churning." As used in this section, "churning" means knowingly or  
 93.10 intentionally making, providing, or arranging for a residential mortgage loan when the new  
 93.11 residential mortgage loan does not provide a reasonable, tangible net benefit to the borrower  
 93.12 considering all of the circumstances, including the terms of both the new and refinanced  
 93.13 loans, the cost of the new loan, and the borrower's circumstances. In order to demonstrate  
 93.14 a reasonable, tangible net benefit to the borrower, the circumstances at the time of the  
 93.15 application must be documented in writing and must be signed by the borrower prior to the  
 93.16 closing date;

93.17 (26) the first time a residential mortgage originator orally informs a borrower of the  
 93.18 anticipated or actual periodic payment amount for a first-lien residential mortgage loan  
 93.19 which does not include an amount for payment of property taxes and hazard insurance, the  
 93.20 residential mortgage originator must inform the borrower that an additional amount will be  
 93.21 due for taxes and insurance and, if known, disclose to the borrower the amount of the  
 93.22 anticipated or actual periodic payments for property taxes and hazard insurance. This same  
 93.23 oral disclosure must be made each time the residential mortgage originator orally informs  
 93.24 the borrower of a different anticipated or actual periodic payment amount change from the  
 93.25 amount previously disclosed. A residential mortgage originator need not make this disclosure  
 93.26 concerning a refinancing loan if the residential mortgage originator knows that the borrower's  
 93.27 existing loan that is anticipated to be refinanced does not have an escrow account; or

93.28 (27) make, provide, or arrange for a residential mortgage loan, other than a reverse  
 93.29 mortgage pursuant to United States Code, title 15, chapter 41, if the borrower's compliance  
 93.30 with any repayment option offered pursuant to the terms of the loan will result in negative  
 93.31 amortization during any six-month period.

93.32 (b) Paragraph (a), clauses (24) through (27), do not apply to a state or federally chartered  
 93.33 bank, savings bank, or credit union, an institution chartered by Congress under the Farm  
 93.34 Credit Act, or to a person making, providing, or arranging a residential mortgage loan  
 94.1 originated or purchased by a state agency or a tribal or local unit of government. This  
 94.2 paragraph supersedes any inconsistent provision of this chapter.

94.3 Sec. 38. **[58.141] REPORTS AND UNIQUE IDENTIFIER.**

94.4 Subdivision 1. Mortgage call reports. A residential mortgage originator or servicer  
 94.5 must submit reports of condition to the Nationwide Multistate Licensing System and Registry.

51.16 Reports submitted under this subdivision must be in the form and contain the information  
 51.17 required by the Nationwide Multistate Licensing System and Registry.

51.18 Subd. 2. **Report to Nationwide Multistate Licensing System and Registry.** Subject  
 51.19 to section 58A.14, the commissioner must regularly report violations of this chapter, as well  
 51.20 as enforcement actions and other relevant information, to the Nationwide Multistate Licensing  
 51.21 System and Registry.

51.22 Subd. 3. **Unique identifier; display.** The unique identifier of any person originating a  
 51.23 residential mortgage loan must be clearly displayed on all residential mortgage loan  
 51.24 application forms, solicitations, or advertisements, including business cards or websites,  
 51.25 and any other documents the commissioner establishes by rule or order.

51.26 Sec. 32. **[60M.01] DEFINITIONS.**

51.27 Subdivision 1. **Terms.** For the purposes of this chapter, the terms defined in this section  
 51.28 have the meanings given.

51.29 Subd. 2. **Bail bond.** "Bail bond" is an instrument that is the tool utilized to guarantee  
 51.30 the appearance of an individual and secure the monetary requirement of the bond.

52.1 Subd. 3. **Bail bond agency.** "Bail bond agency" means an agency contracted by a surety  
 52.2 to supervise or otherwise manage the bail bond business written in Minnesota by producers  
 52.3 appointed by the surety.

52.4 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of commerce.

52.5 Subd. 5. **Department.** "Department" means the Department of Commerce.

52.6 Subd. 6. **Depositor.** "Depositor" means:

52.7 (1) an individual that has paid money to a surety, bail bond agency, or producer as  
 52.8 premium or premium towards a bail bond product transaction, as defined in section 60M.02;  
 52.9 or

52.10 (2) an individual that deposited money, property, or assets with a surety, bail bond  
 52.11 agency, or producer to be held as collateral or used towards the liability of a bail bond  
 52.12 product transaction, as defined in section 60M.03.

52.13 Subd. 7. **Negotiate.** "Negotiate" means the act of conferring directly with or offering  
 52.14 advice directly to a purchaser or prospective purchaser of a particular insurance contract  
 52.15 concerning any of the substantive benefits, terms, or conditions of the contract, if the person  
 52.16 engaged in the act either sells insurance or obtains insurance from insurers for purchasers.

52.17 Subd. 8. **Net premium.** "Net premium" means a bond's premium, less any commission  
 52.18 agreed to in advance and in writing between a producer and the surety or bail bond agency.

94.6 Reports submitted under this subdivision must be in the form and contain the information  
 94.7 required by the Nationwide Multistate Licensing System and Registry.

94.8 Subd. 2. **Report to Nationwide Multistate Licensing System and Registry.** Subject  
 94.9 to section 58A.14, the commissioner must regularly report violations of this chapter, as well  
 94.10 as enforcement actions and other relevant information, to the Nationwide Multistate Licensing  
 94.11 System and Registry.

94.12 Subd. 3. **Unique identifier; display.** The unique identifier of any person originating a  
 94.13 residential mortgage loan must be clearly displayed on all residential mortgage loan  
 94.14 application forms, solicitations, or advertisements, including business cards or websites,  
 94.15 and any other documents the commissioner establishes by rule or order.

52.19 Subd. 9. **Personal information.** "Personal information" has the meaning given in section  
52.20 72A.491, subdivision 17.

52.21 Subd. 10. **Principal.** "Principal" is an individual who has engaged with a bail bond  
52.22 agency or producer to arrange for the individual's bail bond to be posted on the individual's  
52.23 behalf, securing the individual's release pretrial on a bail bond.

52.24 Subd. 11. **Privileged information.** "Privileged information" has the meaning given in  
52.25 section 72A.491, subdivision 19.

52.26 Subd. 12. **Producer.** "Producer" means a person that is licensed to write bail bonds, has  
52.27 been approved by the state court administrator's office, is a contractor or employee for a  
52.28 bail bond agency, and is appointed by a surety to execute or countersign bail bonds for the  
52.29 surety in connection with judicial proceedings.

52.30 Subd. 13. **Sell.** "Sell" means to exchange a bail bond product for money on behalf of a  
52.31 surety company.

53.1 Subd. 14. **Surety.** "Surety" means a domestic, foreign, or alien insurance company that  
53.2 is licensed to transact surety business in Minnesota under section 60A.06.

53.3 Sec. 33. **[60M.02] PREMIUMS.**

53.4 Subdivision 1. **Premiums; generally.** (a) Regardless of whether a producer is an  
53.5 employee or an independent contractor, a producer must charge the approved, filed rate of  
53.6 the surety being used to post a bail bond. Except as provided in subdivision 2 or in a situation  
53.7 where cash bail is set by the court under subdivision 5, the rate charged must not be less  
53.8 than the surety's filed rate.

53.9 (b) A producer is prohibited from providing a premium rebate.

53.10 (c) A producer may charge travel or other related fees, provided the producer complies  
53.11 with section 60K.46, subdivision 2.

53.12 Subd. 2. **Minimum premium.** A producer must charge a minimum premium of \$100.  
53.13 Any premium amount must be included in the surety's rate filing with the commissioner.

53.14 Subd. 3. **Bail bonds less than \$10,000.** (a) A producer is prohibited from posting a bail  
53.15 bond with a penal sum of \$10,000 or less unless the producer has:

53.16 (1) received at least 50 percent of the total premium owed under the surety's rate filing;

53.17 (2) provided the depositor with a receipt that indicates the premium paid; and

53.18 (3) if the full premium is not collected before posting the bond, a signed promissory  
53.19 note must be obtained requiring the unpaid premium in full within four months of the date  
53.20 the bond is posted.

53.21 (b) A promissory note issued under paragraph (a), clause (3), must be made on a surety  
53.22 or bail bond agency form as approved by the commissioner. The maximum annual interest

- 53.23 rate allowed on a promissory note under this subdivision is six percent. A promissory note  
53.24 may authorize collection of the actual costs incurred to collect the premium, including  
53.25 reasonable attorney fees, in the event of a default.
- 53.26 Subd. 4. **Bail bonds greater than \$10,000.** (a) A producer is prohibited from posting  
53.27 a bail bond with a penal sum greater than \$10,000 unless the producer has:
- 53.28 (1) received at least 30 percent of the total premium owed under the surety's rate filing;  
53.29 (2) provided the depositor with a receipt that indicates the premium paid; and
- 54.1 (3) if the full premium is not collected before posting the bond, a signed promissory  
54.2 note must be obtained requiring the unpaid premium in full within 12 months of the date  
54.3 the bond is posted.
- 54.4 (b) A promissory note issued under paragraph (a), clause (3), must be made on a surety  
54.5 or bail bond agency form as approved by the commissioner. The maximum annual interest  
54.6 rate allowed on a promissory note under this subdivision is six percent. A promissory note  
54.7 may authorize collection of the actual costs incurred to collect the premium, including  
54.8 reasonable attorney fees, in the event of a default.
- 54.9 Subd. 5. **Alternative premium structure.** (a) A bail bond agency or producer may  
54.10 include an alternative premium structure as part of the bail bond agency or producer's surety  
54.11 rate filing submitted to the commissioner.
- 54.12 (b) If a court sets cash bail at 15 percent or less of the bond's penal amount, a surety,  
54.13 bail bond agency, or producer may charge an alternative premium that is as low as one-half  
54.14 of the cash bail amount set by the court. An alternative premium charged under this  
54.15 subdivision is subject to the minimum premium requirement under subdivision 2.
- 54.16 (c) A bail bond agency or producer is required to obtain from the court documentation  
54.17 indicating the cash bail amount set by the court and must maintain the documentation in  
54.18 the bond file.
- 54.19 (d) A bail bond agency and producer must maintain a log of all bonds where an alternative  
54.20 premium was charged under this subdivision.
- 54.21 (e) Subdivisions 3 and 4 apply to the payment of an alternative premium structure under  
54.22 this subdivision.
- 54.23 Subd. 6. **Late payments.** If a payment, including a minimum monthly payment, that is  
54.24 required under a promissory note executed pursuant to subdivision 3 or 4 is more than 90  
54.25 days late, the bail bond agency or producer must, within 20 days of the date a payment  
54.26 becomes 90 days late:
- 54.27 (1) for amounts owed that are \$2,500 or less, assign the debt to a Minnesota-licensed  
54.28 debt collector; or

- 54.29 (2) for amounts owed that are greater than \$2,500:
- 54.30 (i) file a civil action against the delinquent premium payer; and
- 54.31 (ii) make all reasonable efforts to:
- 54.32 (A) serve a summons and complaint;
- 55.1 (B) enter judgment, unless the matter is settled while the action is pending; and
- 55.2 (C) enforce the judgment, which may be satisfied by assigning the debt to a licensed
- 55.3 debt collector.
- 55.4 Subd. 7. **Form of payment.** A surety, bail bond agency, or producer may only accept
- 55.5 cash, money orders, checks, wire transfers, electronic funds transfers, debit cards, prepaid
- 55.6 cash cards, or credit cards as a premium payment method. Any balance owed must be
- 55.7 evidenced by a promissory note, as provided under subdivision 3 or 4.
- 55.8 Subd. 8. **Premium trust account.** (a) A payment made to or received by the producer,
- 55.9 bail bond agency, or surety must be deposited into a premium trust account that is maintained
- 55.10 by the producer, bail bond agency, or surety within seven business days.
- 55.11 (b) A premium trust account must be used only for premium payments and travel or
- 55.12 other related fees authorized under subdivision 1, paragraph (c). A producer, bail bond
- 55.13 agency, or surety is prohibited from depositing any other money into a premium trust
- 55.14 account.
- 55.15 (c) A deposit into a premium trust account must be accompanied by a deposit slip that:
- 55.16 (1) separately designates the principal; and
- 55.17 (2) lists the power of attorney number of the bond for which the payment is being
- 55.18 collected.
- 55.19 (d) Money may be withdrawn from a premium trust account only to:
- 55.20 (1) pay the net premium to the surety or bail bond agency;
- 55.21 (2) pay a surety or bail bond agency any build-up fund or escrow account required by
- 55.22 a contract executed by the producer and the surety or bail bond agency;
- 55.23 (3) pay or reimburse travel or other related fees authorized under subdivision 1, paragraph
- 55.24 (c);
- 55.25 (4) pay or reimburse the producer any fees or charges deducted electronically by credit
- 55.26 card processing vendors, provided the fees and charges comply with section 60K.46,
- 55.27 subdivision 2; and
- 55.28 (5) distribute any excess amounts to the operating account.

56.1 Sec. 34. **[60M.03] COLLATERAL.**

56.2 Subdivision 1. **Collateral generally.** When collateral is accepted, the producer, surety,  
56.3 or bail bond agency must provide a written and numbered receipt to the depositor. The  
56.4 receipt must:

56.5 (1) contain the date; depositor's name and address; bail bond agency's name and address;  
56.6 surety's name and address; defendant's name; bond amount; and cash amount or a detailed  
56.7 description of the collateral, if the collateral is not cash; and

56.8 (2) be signed by:

56.9 (i) the producer, surety, or bail bond agency; and

56.10 (ii) the depositor.

56.11 Subd. 2. **Collateral received; transfer; control.** (a) Except as otherwise provided under  
56.12 paragraph (b), a producer or bail bond agency must transfer all cash and noncash collateral  
56.13 that the producer or bail bond agency receives to the surety.

56.14 (b) A surety may, at the surety's discretion, permit: (1) a producer to transfer all cash  
56.15 and noncash collateral that the producer receives to the bail bond agency; and (2) the bail  
56.16 bond agency to retain possession and control over the cash and noncash collateral without  
56.17 transferring the cash and noncash collateral to the surety. If a surety exercises the surety's  
56.18 discretion under this paragraph, the bail bond agency assumes the surety's responsibilities  
56.19 and responsibilities under this section. A producer is prohibited from retaining possession  
56.20 or control of cash or noncash collateral beyond the time periods established in this section.

56.21 Subd. 3. **Cash collateral trust account.** (a) All cash collateral must be deposited into  
56.22 a cash collateral account maintained by a surety or bail bond agency as provided in  
56.23 subdivision 2, paragraph (b), within seven business days of the date the cash collateral is  
56.24 received.

56.25 (b) All checks, money orders, wire transfers, or similar money transfer for collateral  
56.26 must be made payable to the bail bond agency and deposited into the surety's or bail bond  
56.27 agency's collateral account within ten business days of the date the payment was received.

56.28 (c) When required by law, a bail bond agency or producer must: (1) file an IRS Form  
56.29 8300 and informational notice; and (2) retain a copy of the filed IRS Form 8300 and  
56.30 informational notice in the bail bond agency's or producer's files.

56.31 Subd. 4. **Separate cash collateral account.** At the surety's discretion, the surety or a  
56.32 bail bond agency may maintain a separate cash collateral trust account. A cash collateral  
57.1 trust account may be an interest-bearing account or a noninterest-bearing account. If the  
57.2 separate cash collateral trust account is an interest-bearing account, the interest earned is  
57.3 for the benefit of the depositor.

57.4 Subd. 5. **Surety liable.** The surety is liable to return any cash or noncash collateral that  
57.5 a producer or bail bond agency collects, less any amounts owed under subdivision 9,  
57.6 paragraph (b), even if the collected collateral is not transferred to the surety.

57.7 Subd. 6. **Prohibitions.** (a) A surety, bail bond agency, or producer is prohibited from  
57.8 collecting cash collateral in excess of the bond's penal sum. A surety, bail bond agency, or  
57.9 producer is prohibited from collecting physical collateral that may be considered  
57.10 unreasonably higher than the excess of the bond's penal sum, based upon fair market value,  
57.11 less any outstanding liabilities or lien at the time of the transaction.

57.12 (b) A surety, bail bond agency, or producer is prohibited from using collateral for personal  
57.13 benefit or gain.

57.14 (c) A surety, bail bond agency, or producer is prohibited from taking a quitclaim deed  
57.15 on real property as collateral for a bond.

57.16 Subd. 7. **Collateral log.** (a) A bail bond agency or producer must maintain a collateral  
57.17 log that includes:

57.18 (1) the power of attorney number;

57.19 (2) the principal's name;

57.20 (3) the depositor's name;

57.21 (4) the cash collateral amount, including whether the cash collateral is being held in an  
57.22 interest-bearing account;

57.23 (5) if the collateral is noncash collateral, a detailed description of the collateral;

57.24 (6) the date the collateral was taken; and

57.25 (7) the dates the collateral was sent to the surety, returned to the depositor, liquidated,  
57.26 or applied to a loss or cost incurred by the producer, bail bond agency, or surety.

57.27 (b) For purposes of paragraph (a), an indemnity agreement does not constitute collateral  
57.28 and is not required to be included in the collateral log. For purposes of paragraph (a), clause  
57.29 (7), the amount of a loss incurred must be listed separately from other costs in the collateral  
57.30 log.

58.1 Subd. 8. **Mortgages and deeds of trust.** (a) A mortgage or deed of trust taken as  
58.2 collateral for a bond must name the surety as a mortgagee. At the discretion of the surety,  
58.3 a bail bond agency may be named as the mortgagee in lieu of the surety being named as the  
58.4 mortgagee.

58.5 (b) A producer is prohibited from being named as a mortgagee for a mortgage or deed  
58.6 of trust taken as collateral for a bond.

58.7 Subd. 9. **Return of collateral.** (a) A surety or bail bond agency that controls the collateral  
58.8 must return cash and noncash collateral to the depositor named in the collateral receipt

58.9 within 21 days of the date the depositor provides the surety or bail bond agency with written  
 58.10 proof that the bond has been discharged.

58.11 (b) If the depositor owes the surety, bail bond agency, or producer a premium; is liable  
 58.12 for a loss or expense related to a breach of the bond; or is liable pursuant to the terms of an  
 58.13 indemnity or other agreement, the surety or bail bond agency may retain from the collateral  
 58.14 all money required to satisfy the depositor's debts.

58.15 (c) If all of the depositor's debts secured by collateral are satisfied, the surety or bail  
 58.16 bond agency must provide documentation to release any liens, security interests, mortgages,  
 58.17 or other security interests that were filed or obtained in relation to the collateral. The  
 58.18 documentation must be provided within 21 days of the date the depositor provides the surety  
 58.19 or bail bond agency with written proof that the bond has been discharged.

58.20 Subd. 10. **Bond or indemnity agreement; breach.** If a bond or indemnity agreement  
 58.21 is breached and the surety, bail bond agency, or producer suffers a loss, the surety or bail  
 58.22 bond agency that controls the collateral must send to the depositor written notice that notifies  
 58.23 the depositor that the surety or bail bond agency intends to liquidate noncash collateral. The  
 58.24 written notice must be sent by certified mail to the depositor's last known address at least  
 58.25 30 days before the date the surety or bail bond agency liquidates the noncash collateral.

58.26 Subd. 11. **Compliance with Minnesota law.** Any action taken to enforce or foreclose  
 58.27 on cash or noncash collateral must comply with Minnesota law.

58.28 Subd. 12. **Collateral documentation; audit and inspection.** (a) All collateral and related  
 58.29 documentation held in trust by the surety or bail bond agency must be made available for  
 58.30 immediate audit and inspection by the department.

58.31 (b) All collateral and related documentation held in trust by the bail bond agency must  
 58.32 be made available for immediate audit and inspection by the surety.

59.1 Sec. 35. **[60M.04] PRODUCER AUDITS.**

59.2 Subdivision 1. **Premium audits.** (a) By April 30 each year, a surety must audit each  
 59.3 licensed bail bond producer's bonds written during the previous calendar year to ensure the  
 59.4 licensed bail bond producer has complied with this subdivision.

59.5 (b) The premium audits must include a review of an adequate sample of bonds written  
 59.6 by each bail bond producer. A review sample is adequate if it consists of the lesser of: (1)  
 59.7 20 percent of the bonds written by the bail bond producer; (2) 24 bonds; or (3) all of the  
 59.8 bonds written by the bail bond producer, if the bail bond producer wrote fewer than 12  
 59.9 bonds during the previous calendar year. The audit sample must include the four largest  
 59.10 bonds written by the bail bond producer and four bonds that charged an alternative premium  
 59.11 under section 60M.02, subdivision 5, if applicable. Of the remaining bonds audited and to  
 59.12 the extent the quantity of bonds supports the percentages, 50 percent must be randomly

- 59.13 selected bonds with a penal sum that is \$10,000 or less, and 50 percent must be randomly  
59.14 selected bonds with a penal sum that is greater than \$10,000.
- 59.15 (c) The premium audit must be conducted at the producer's office or the bail bond  
59.16 agency's office, depending on which entity maintains the physical records. The surety must  
59.17 not disclose to the producer or bail bond agency, or anyone affiliated with the surety or bail  
59.18 bond agency, which files the surety intends to audit until the surety's on-site audit of the  
59.19 producer begins.
- 59.20 (d) For each bond audited, the surety must confirm that:
- 59.21 (1) the proper premium was charged and collected, including a review of the premium  
59.22 account statements and deposit slips;
- 59.23 (2) a proper premium receipt is in the producer's file;
- 59.24 (3) if the full premium was not paid before the bond was posted, a proper promissory  
59.25 note was executed; and
- 59.26 (4) if the premium was not paid as required, the producer complied with section 60M.02,  
59.27 subdivision 6.
- 59.28 (e) An annual premium audit under this section must also include a follow-up review  
59.29 of each bond audited the previous year for which full premium had not yet been collected  
59.30 at the time the audit occurred. For each bond subject to a follow-up review, the surety must:
- 59.31 (1) review the premium account and deposit slips to confirm that the full premium was  
59.32 collected; or
- 60.1 (2) if full payment of the premium was not received, confirm that the producer complied  
60.2 with section 60M.02, subdivision 6.
- 60.3 (f) A bail bond agency or producer is prohibited from acting on behalf of the surety to  
60.4 conduct the bail bond agency's or producer's own bail bond agency or producer audits.
- 60.5 Subd. 2. **Collateral audits.** (a) By April 30 each year, a surety must audit each licensed  
60.6 bail bond producer's bonds written during the previous calendar year to ensure the licensed  
60.7 bail bond producer has complied with this subdivision.
- 60.8 (b) A collateral audit under this subdivision must include confirmation that:
- 60.9 (1) a collateral log was maintained;
- 60.10 (2) a cash collateral account exists;
- 60.11 (3) the balance of the cash collateral indicated on the collateral log is identical to the  
60.12 amount held in the collateral trust account; and

60.13 (4) a collateral receipt exists for collateral collected, as represented by a sampling of the  
60.14 lesser of: (i) 20 percent of all bonds secured by collateral; or (ii) 12 bonds that were secured  
60.15 by collateral.

60.16 Subd. 3. **Audits report.** (a) By May 31 each year, a surety must prepare a report of the  
60.17 audits conducted under this section during that year. The report must include:

60.18 (1) a list of the bonds audited under subdivision 1 for each producer, including the power  
60.19 of attorney number used for each audited bond and whether full premium payment was  
60.20 made by the date the audit occurred;

60.21 (2) a list of the bonds included in a follow-up review of the previous year's audit,  
60.22 including whether full premium payment was collected by the date the audit occurred;

60.23 (3) the compliance certifications required under section 60M.07, subdivision 4; and

60.24 (4) details regarding any violations discovered during the audit or a statement that no  
60.25 violations were discovered, as applicable.

60.26 (b) The annual report under this subdivision must be maintained for a period of at least  
60.27 36 months from the date the report is complete. Annual reports must be submitted to the  
60.28 commissioner by June 30 each year.

60.29 Sec. 36. **[60M.05] SOLICITATION.**

60.30 Subdivision 1. **Solicitation generally.** (a) A producer is prohibited from, in or on the  
60.31 grounds of a jail, prison, or other location where an incarcerated person is confined, or in  
61.1 or on the grounds of a court unless requested by the principal, a potential indemnitor, or the  
61.2 legal counsel of a principal:

61.3 (1) approaching, enticing, inviting, or soliciting a person to use a bail bonds's services;

61.4 (2) distributing, displaying, or wearing an item that advertises a bail bonds's services;

61.5 (3) no producer or bail bond agency is permitted to solicit by calling or leaving messages  
61.6 for principals on jail phones or any other messaging devices available to principals, while  
61.7 in custody; or

61.8 (4) no producer or bail bond agency is permitted to place money on the canteen or books  
61.9 of any individual held in custody.

61.10 (b) Notwithstanding paragraph (a), clause (3), permissible print advertising in a jail is  
61.11 limited to:

61.12 (1) a listing in a telephone directory; and

61.13 (2) posting the producer's or bail bond agency's name, address, and telephone number  
61.14 in a designated location within the jail, as approved by the jail.

61.15 Subd. 2. **Identification; marketing material.** A producer is prohibited from wearing  
61.16 or displaying any information, other than identification approved by the surety or bail bond  
61.17 agency, which constitutes marketing material that a surety or bail bond agency must approve  
61.18 and maintain under Minnesota Rules, chapter 2790. A producer is prohibited from displaying  
61.19 any information constituting marketing material in or on the property or grounds of: (1) a  
61.20 jail, prison, or other location where incarcerated people are confined; or (2) a court.

61.21 Subd. 3. **Other prohibited conduct.** (a) A producer is prohibited from loitering in or  
61.22 about the courthouse, jail, or any other place where individuals are held in custody.

61.23 (b) A producer is prohibited from making unauthorized and unsolicited cold calls without  
61.24 having first spoken with the principal.

61.25 (c) A producer is prohibited from soliciting a bond to a person by recorded or electronic  
61.26 communication, or by live telephone contact, unless the producer otherwise complies with  
61.27 applicable state and federal law, including but not limited to:

61.28 (1) the National Do Not Call Registry under Code of Federal Regulations, title 16, part  
61.29 310; and

61.30 (2) the Telephone Consumer Protection Act of 1991, Code of Federal Regulations, title  
61.31 47, part 64.1200.

62.1 (d) A surety, bail bond agency, or producer is prohibited from obtaining a credit check  
62.2 on a person unless the person has authorized the surety, bail bond agency, or producer to  
62.3 do so in writing. The surety, bail bond agency, or producer must retain the written  
62.4 authorization provided by the person subject to the credit check.

62.5 Subd. 4. **Compliance with other law.** (a) A surety, bail bond agency, and producer  
62.6 must comply with all federal and state privacy laws related to information provided to a  
62.7 producer during the application process and during bond underwriting by a bond principal,  
62.8 indemnitor, or other person.

62.9 (b) A surety, bail bond agency, and producer must comply with sections 60K.46,  
62.10 subdivision 6; 72A.494; 72A.496, subdivision 1; 72A.501; and 72A.502, subdivision 1.

62.11 (c) A surety, bail bond agency, and producer must receive preauthorization before  
62.12 collecting and disclosing personal or privileged information about an applicant or proposed  
62.13 insured, and must provide all notices otherwise required by Minnesota law.

62.14 (d) A surety, bail bond agency, and producer must otherwise comply with all applicable  
62.15 Minnesota law.

62.16 Subd. 5. **Insurance transaction.** The act of soliciting, underwriting, negotiating, or  
62.17 selling a bail bond constitutes an insurance transaction.

62.18 Sec. 37. **[60M.06] UNLICENSED INDIVIDUALS; NO REBATES OR PAYMENT.**

62.19 (a) With the exception of a contracted bail enforcement agent offering a reward for  
 62.20 information that assists in the location and apprehension of a principal under section 629.63,  
 62.21 a surety, bail bond agency, or producer is prohibited from paying a fee or commission, or  
 62.22 otherwise giving or promising anything of value, to: (1) a jailer, police officer, peace officer,  
 62.23 or any other person who has the power to arrest or hold an individual in custody; or (2) a  
 62.24 judge, public official, or public employee.

62.25 (b) A surety, bail bond agency, or producer is prohibited from paying a fee or rebate, or  
 62.26 otherwise giving or promising anything of value, to the individual seeking the producer's  
 62.27 services or the individual seeking the producer's services on another individual's behalf.

62.28 (c) A surety, bail bond agency, or producer is prohibited from paying a fee or commission,  
 62.29 or otherwise giving or promising anything of value, to a person for selling, soliciting, or  
 62.30 negotiating a bail bond if the person is not properly licensed as a producer.

63.1 (d) A surety, bail bond agency, or producer is prohibited from paying a fee, rebate, or  
 63.2 commission, or otherwise giving or promising anything of value, to an inmate for referring  
 63.3 business or for any other reason related to soliciting, negotiating, or selling a bail bond.

63.4 Sec. 38. **[60M.07] OTHER PROVISIONS.**

63.5 Subdivision 1. **Compliance with standards of conduct.** A producer must comply with  
 63.6 the Minnesota Court Administrator's Office's bail bond procedures and standards of conduct,  
 63.7 including but not limited to while in or on the property of courts, jails, or other detention  
 63.8 facilities in Minnesota. A surety or bail bond agency must require the surety or bail bond  
 63.9 agency's producers to affirm that the producer complies with any changes to the bail bond  
 63.10 procedures and standards of conduct as the changes are posted to the Minnesota state court  
 63.11 website or the Minnesota Court Administrator's Office's website.

63.12 Subd. 2. **No waiver.** A producer is prohibited from soliciting or accepting a waiver of  
 63.13 any requirement under this chapter.

63.14 Subd. 3. **Record maintenance.** (a) A bail bond agency and producer must maintain the  
 63.15 following records on each bond for at least seven years after the date the bond is terminated:

63.16 (1) power of attorney;

63.17 (2) premium receipts;

63.18 (3) the promissory note for unpaid premium, if any;

63.19 (4) the cash bond amount set by the court, if an amount less than the filed rate is accepted  
 63.20 for the premium;

63.21 (5) all documents related to any lawsuit filed to collect the premium;

- 63.22 (6) indemnity agreements;
- 63.23 (7) collateral receipts, if any;
- 63.24 (8) proof that collateral was returned, if any;
- 63.25 (9) proof of bond exoneration or forfeiture payment;
- 63.26 (10) all records relating to liquidating and converting collateral, including fees or costs;
- 63.27 and
- 63.28 (11) proof of any expenses incurred or losses paid by the surety, bail bond agency, or
- 63.29 producer.
- 64.1 (b) A bail bond agency and producer must maintain all premium account, collateral
- 64.2 account, and operating account bank records, including deposit slips, for at least seven years
- 64.3 after the records are made available.
- 64.4 (c) All records that a bail bond agency or producer maintain under this chapter must be
- 64.5 kept in the bail bond agency or producer's office or storage location, as applicable. If a bail
- 64.6 bond agency or producer's relationship with a surety is terminated, the information and
- 64.7 documentation must be immediately transferred to:
- 64.8 (1) the bail bond agency, if the producer is terminated; or
- 64.9 (2) the surety, if the bail bond agency is terminated.
- 64.10 (d) A bail bond agency and producer's records must be available for the commissioner
- 64.11 or the surety to inspect, with or without notice.
- 64.12 Subd. 4. **Compliance certification.** (a) During the surety's annual audit of a producer,
- 64.13 the producer must sign a compliance certification form that attests to the producer's
- 64.14 compliance with this chapter during the previous calendar year.
- 64.15 (b) Before a producer is appointed by a surety and at each license renewal thereafter, a
- 64.16 producer must sign an affidavit of compliance form in which the producer acknowledges
- 64.17 the producer is familiar and continually complies with the requirements under this chapter.
- 64.18 The surety must retain completed affidavits and send requested affidavits to the commissioner
- 64.19 within ten days of the date an affidavit is requested.
- 64.20 (c) The commissioner must establish the compliance certification and affidavit of
- 64.21 compliance forms for use under this subdivision.
- 64.22 Subd. 5. **Producer termination; notice.** (a) If a producer's relationship with a surety is
- 64.23 voluntarily or involuntarily terminated due to a violation of this chapter or because the
- 64.24 surety determined the producer violated this chapter during an annual audit, the surety must,
- 64.25 within 30 days of the date the producer is terminated, provide the commissioner with the
- 64.26 terminated producer's name and the reason the producer was terminated.

64.27 (b) Another surety is prohibited from appointing a producer subject to a termination  
 64.28 under paragraph (a) unless the department approves the appointment.

64.29 Subd. 6. **Access to information.** A surety, bail bonds agency, and producer are considered  
 64.30 a government associated entity and are allowed to apply and be granted access to the  
 64.31 Minnesota Government Access system under the Court Access Rules.

65.1 Subd. 7. **Surrender of a principal for bail revocation.** The courts, jails, and sheriff  
 65.2 offices in Minnesota must comply with section 629.63, allowing for a principal to be  
 65.3 surrendered and received by the jail of the county that the bail bond was originated from  
 65.4 and to be held in custody until the principal can have a court hearing where the surety, bail  
 65.5 bond agency, or producer can give evidence and make motion for the revocation and  
 65.6 discharge of the bail bond.

65.7 Subd. 8. **Forfeiture timing requirement.** The court must order a bail bond forfeited  
 65.8 and send notice to the surety, bail bond agency, or producer no later than 30 days from the  
 65.9 date of a principal failing to appear at a scheduled hearing. If a court fails to forfeit a bail  
 65.10 bond within 30 days of a principal failing to appear or fail to send notice within seven days  
 65.11 of the forfeiture to the surety, bail bond agency, or producer, the court must allow for a  
 65.12 reinstatement and discharge of the bail bond without penalty. If a court fails to take action  
 65.13 against the bail bond within 30 days of a principal failing to appear at a hearing, the court  
 65.14 must allow for revocation and discharge without penalty.

65.15 Sec. 39. Minnesota Statutes 2023 Supplement, section 80A.50, is amended to read:

65.16 **80A.50 SECTION 302; FEDERAL COVERED SECURITIES; SMALL**  
 65.17 **CORPORATE OFFERING REGISTRATION.**

65.18 (a) **Federal covered securities.**

65.19 (1) **Required filing of records.** With respect to a federal covered security, as defined  
 65.20 in Section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(2)), that is not  
 65.21 otherwise exempt under sections 80A.45 through 80A.47, a rule adopted or order issued  
 65.22 under this chapter may require the filing of any or all of the following records:

65.23 (A) before the initial offer of a federal covered security in this state, all records that are  
 65.24 part of a federal registration statement filed with the Securities and Exchange Commission  
 65.25 under the Securities Act of 1933 and a consent to service of process complying with section  
 65.26 80A.88 signed by the issuer;

65.27 (B) after the initial offer of the federal covered security in this state, all records that are  
 65.28 part of an amendment to a federal registration statement filed with the Securities and  
 65.29 Exchange Commission under the Securities Act of 1933; and

65.30 (C) to the extent necessary or appropriate to compute fees, a report of the value of the  
 65.31 federal covered securities sold or offered to persons present in this state, if the sales data  
 65.32 are not included in records filed with the Securities and Exchange Commission.

5.1 Sec. 4. Minnesota Statutes 2023 Supplement, section 80A.50, is amended to read:

5.2 **80A.50 SECTION 302; FEDERAL COVERED SECURITIES; SMALL**  
 5.3 **CORPORATE OFFERING REGISTRATION.**

5.4 (a) **Federal covered securities.**

5.5 (1) **Required filing of records.** With respect to a federal covered security, as defined  
 5.6 in Section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(2)), that is not  
 5.7 otherwise exempt under sections 80A.45 through 80A.47, a rule adopted or order issued  
 5.8 under this chapter may require the filing of any or all of the following records:

5.9 (A) before the initial offer of a federal covered security in this state, all records that are  
 5.10 part of a federal registration statement filed with the Securities and Exchange Commission  
 5.11 under the Securities Act of 1933 and a consent to service of process complying with section  
 5.12 80A.88 signed by the issuer;

5.13 (B) after the initial offer of the federal covered security in this state, all records that are  
 5.14 part of an amendment to a federal registration statement filed with the Securities and  
 5.15 Exchange Commission under the Securities Act of 1933; and

5.16 (C) to the extent necessary or appropriate to compute fees, a report of the value of the  
 5.17 federal covered securities sold or offered to persons present in this state, if the sales data  
 5.18 are not included in records filed with the Securities and Exchange Commission.

66.1 (2) **Notice filing effectiveness and renewal.** A notice filing under subsection (a) is  
 66.2 effective for one year commencing on the later of the notice filing or the effectiveness of  
 66.3 the offering filed with the Securities and Exchange Commission. On or before expiration,  
 66.4 the issuer may renew a notice filing by filing a copy of those records filed by the issuer with  
 66.5 the Securities and Exchange Commission that are required by rule or order under this chapter  
 66.6 to be filed. A previously filed consent to service of process complying with section 80A.88  
 66.7 may be incorporated by reference in a renewal. A renewed notice filing becomes effective  
 66.8 upon the expiration of the filing being renewed.

66.9 (3) **Notice filings for federal covered securities under section 18(b)(4)(D).** With  
 66.10 respect to a security that is a federal covered security under Section 18(b)(4)(D) of the  
 66.11 Securities Act of 1933 (15 U.S.C. Section 77r(b)(4)(D)), a rule under this chapter may  
 66.12 require a notice filing by or on behalf of an issuer to include a copy of Form D, including  
 66.13 the Appendix, as promulgated by the Securities and Exchange Commission, and a consent  
 66.14 to service of process complying with section 80A.88 signed by the issuer not later than 15  
 66.15 days after the first sale of the federal covered security in this state.

66.16 (4) **Stop orders.** Except with respect to a federal security under Section 18(b)(1) of the  
 66.17 Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is  
 66.18 a failure to comply with a notice or fee requirement of this section, the administrator may  
 66.19 issue a stop order suspending the offer and sale of a federal covered security in this state.  
 66.20 If the deficiency is corrected, the stop order is void as of the time of its issuance and no  
 66.21 penalty may be imposed by the administrator.

66.22 (b) **Small corporation offering registration.**

66.23 (1) **Registration required.** A security meeting the conditions set forth in this section  
 66.24 may be registered as set forth in this section.

66.25 (2) **Availability.** Registration under this section is available only to the issuer of securities  
 66.26 and not to an affiliate of the issuer or to any other person for resale of the issuer's securities.  
 66.27 The issuer must be organized under the laws of one of the states or possessions of the United  
 66.28 States. The securities offered must be exempt from registration under the Securities Act of  
 66.29 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

66.30 (3) **Disqualification.** Registration under this section is not available to any of the  
 66.31 following issuers:

66.32 (A) an issuer subject to the reporting requirements of Section 13 or 15(d) of the Securities  
 66.33 Exchange Act of 1934;

67.1 (B) an investment company;

67.2 (C) a development stage company that either has no specific business plan or purpose  
 67.3 or has indicated that its business plan is to engage in a merger or acquisition with an  
 67.4 unidentified company or companies or other entity or person;

5.19 (2) **Notice filing effectiveness and renewal.** A notice filing under subsection (a) is  
 5.20 effective for one year commencing on the later of the notice filing or the effectiveness of  
 5.21 the offering filed with the Securities and Exchange Commission. On or before expiration,  
 5.22 the issuer may renew a notice filing by filing a copy of those records filed by the issuer with  
 5.23 the Securities and Exchange Commission that are required by rule or order under this chapter  
 5.24 to be filed. A previously filed consent to service of process complying with section 80A.88  
 5.25 may be incorporated by reference in a renewal. A renewed notice filing becomes effective  
 5.26 upon the expiration of the filing being renewed.

5.27 (3) **Notice filings for federal covered securities under section 18(b)(4)(D).** With  
 5.28 respect to a security that is a federal covered security under Section 18(b)(4)(D) of the  
 5.29 Securities Act of 1933 (15 U.S.C. Section 77r(b)(4)(D)), a rule under this chapter may  
 5.30 require a notice filing by or on behalf of an issuer to include a copy of Form D, including  
 5.31 the Appendix, as promulgated by the Securities and Exchange Commission, and a consent  
 5.32 to service of process complying with section 80A.88 signed by the issuer not later than 15  
 5.33 days after the first sale of the federal covered security in this state.

6.1 (4) **Stop orders.** Except with respect to a federal security under Section 18(b)(1) of the  
 6.2 Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is  
 6.3 a failure to comply with a notice or fee requirement of this section, the administrator may  
 6.4 issue a stop order suspending the offer and sale of a federal covered security in this state.  
 6.5 If the deficiency is corrected, the stop order is void as of the time of its issuance and no  
 6.6 penalty may be imposed by the administrator.

6.7 (b) **Small corporation offering registration.**

6.8 (1) **Registration required.** A security meeting the conditions set forth in this section  
 6.9 may be registered as set forth in this section.

6.10 (2) **Availability.** Registration under this section is available only to the issuer of securities  
 6.11 and not to an affiliate of the issuer or to any other person for resale of the issuer's securities.  
 6.12 The issuer must be organized under the laws of one of the states or possessions of the United  
 6.13 States. The securities offered must be exempt from registration under the Securities Act of  
 6.14 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

6.15 (3) **Disqualification.** Registration under this section is not available to any of the  
 6.16 following issuers:

6.17 (A) an issuer subject to the reporting requirements of Section 13 or 15(d) of the Securities  
 6.18 Exchange Act of 1934;

6.19 (B) an investment company;

6.20 (C) a development stage company that either has no specific business plan or purpose  
 6.21 or has indicated that its business plan is to engage in a merger or acquisition with an  
 6.22 unidentified company or companies or other entity or person;

67.5 (D) an issuer if the issuer or any of its predecessors, officers, directors, governors,  
67.6 partners, ten percent stock or equity holders, promoters, or any selling agents of the securities  
67.7 to be offered, or any officer, director, governor, or partner of the selling agent:

67.8 (i) has filed a registration statement that is the subject of a currently effective registration  
67.9 stop order entered under a federal or state securities law within five years before the filing  
67.10 of the small corporate offering registration application;

67.11 (ii) has been convicted within five years before the filing of the small corporate offering  
67.12 registration application of a felony or misdemeanor in connection with the offer, purchase,  
67.13 or sale of a security or a felony involving fraud or deceit, including, but not limited to,  
67.14 forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to  
67.15 defraud;

67.16 (iii) is currently subject to a state administrative enforcement order or judgment entered  
67.17 by a state securities administrator or the Securities and Exchange Commission within five  
67.18 years before the filing of the small corporate offering registration application, or is subject  
67.19 to a federal or state administrative enforcement order or judgment in which fraud or deceit,  
67.20 including, but not limited to, making untrue statements of material facts or omitting to state  
67.21 material facts, was found and the order or judgment was entered within five years before  
67.22 the filing of the small corporate offering registration application;

67.23 (iv) is currently subject to an order, judgment, or decree of a court of competent  
67.24 jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or  
67.25 decree of a court of competent jurisdiction permanently restraining or enjoining the party  
67.26 from engaging in or continuing any conduct or practice in connection with the purchase or  
67.27 sale of any security or involving the making of a false filing with a state or with the Securities  
67.28 and Exchange Commission entered within five years before the filing of the small corporate  
67.29 offering registration application; or

67.30 (v) is subject to a state's administrative enforcement order, or judgment that prohibits,  
67.31 denies, or revokes the use of an exemption for registration in connection with the offer,  
67.32 purchase, or sale of securities,

68.1 (I) except that clauses (i) to (iv) do not apply if the person subject to the disqualification  
68.2 is duly licensed or registered to conduct securities-related business in the state in which the  
68.3 administrative order or judgment was entered against the person or if the dealer employing  
68.4 the party is licensed or registered in this state and the form BD filed in this state discloses  
68.5 the order, conviction, judgment, or decree relating to the person, and

68.6 (II) except that the disqualification under this subdivision is automatically waived if the  
68.7 state securities administrator or federal agency that created the basis for disqualification  
68.8 determines upon a showing of good cause that it is not necessary under the circumstances  
68.9 to deny the registration.

68.10 (4) **Filing and effectiveness of registration statement.** A small corporate offering  
68.11 registration statement must be filed with the administrator. If no stop order is in effect and

6.23 (D) an issuer if the issuer or any of its predecessors, officers, directors, governors,  
6.24 partners, ten percent stock or equity holders, promoters, or any selling agents of the securities  
6.25 to be offered, or any officer, director, governor, or partner of the selling agent:

6.26 (i) has filed a registration statement that is the subject of a currently effective registration  
6.27 stop order entered under a federal or state securities law within five years before the filing  
6.28 of the small corporate offering registration application;

6.29 (ii) has been convicted within five years before the filing of the small corporate offering  
6.30 registration application of a felony or misdemeanor in connection with the offer, purchase,  
6.31 or sale of a security or a felony involving fraud or deceit, including, but not limited to,  
6.32 forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to  
6.33 defraud;

7.1 (iii) is currently subject to a state administrative enforcement order or judgment entered  
7.2 by a state securities administrator or the Securities and Exchange Commission within five  
7.3 years before the filing of the small corporate offering registration application, or is subject  
7.4 to a federal or state administrative enforcement order or judgment in which fraud or deceit,  
7.5 including, but not limited to, making untrue statements of material facts or omitting to state  
7.6 material facts, was found and the order or judgment was entered within five years before  
7.7 the filing of the small corporate offering registration application;

7.8 (iv) is currently subject to an order, judgment, or decree of a court of competent  
7.9 jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or  
7.10 decree of a court of competent jurisdiction permanently restraining or enjoining the party  
7.11 from engaging in or continuing any conduct or practice in connection with the purchase or  
7.12 sale of any security or involving the making of a false filing with a state or with the Securities  
7.13 and Exchange Commission entered within five years before the filing of the small corporate  
7.14 offering registration application; or

7.15 (v) is subject to a state's administrative enforcement order, or judgment that prohibits,  
7.16 denies, or revokes the use of an exemption for registration in connection with the offer,  
7.17 purchase, or sale of securities,

7.18 (I) except that clauses (i) to (iv) do not apply if the person subject to the disqualification  
7.19 is duly licensed or registered to conduct securities-related business in the state in which the  
7.20 administrative order or judgment was entered against the person or if the dealer employing  
7.21 the party is licensed or registered in this state and the form BD filed in this state discloses  
7.22 the order, conviction, judgment, or decree relating to the person, and

7.23 (II) except that the disqualification under this subdivision is automatically waived if the  
7.24 state securities administrator or federal agency that created the basis for disqualification  
7.25 determines upon a showing of good cause that it is not necessary under the circumstances  
7.26 to deny the registration.

7.27 (4) **Filing and effectiveness of registration statement.** A small corporate offering  
7.28 registration statement must be filed with the administrator. If no stop order is in effect and

68.12 no proceeding is pending under section 80A.54, such registration statement shall become  
 68.13 effective automatically at the close of business on the 20th day after filing of the registration  
 68.14 statement or the last amendment of the registration statement or at such earlier time as the  
 68.15 administrator may designate by rule or order. For the purposes of a nonissuer transaction,  
 68.16 other than by an affiliate of the issuer, all outstanding securities of the same class identified  
 68.17 in the small corporate offering registration statement as a security registered under this  
 68.18 chapter are considered to be registered while the small corporate offering registration  
 68.19 statement is effective. A small corporate offering registration statement is effective for one  
 68.20 year after its effective date or for any longer period designated in an order under this chapter.  
 68.21 A small corporate offering registration statement may be withdrawn only with the approval  
 68.22 of the administrator.

68.23 (5) **Contents of registration statement.** A small corporate offering registration statement  
 68.24 under this section shall be on Form U-7, including exhibits required by the instructions  
 68.25 thereto, as adopted by the North American Securities Administrators Association, or such  
 68.26 alternative form as may be designated by the administrator by rule or order and must include:

68.27 (A) a consent to service of process complying with section 80A.88;

68.28 (B) a statement of the type and amount of securities to be offered and the amount of  
 68.29 securities to be offered in this state;

68.30 (C) a specimen or copy of the security being registered, unless the security is  
 68.31 uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial  
 68.32 equivalents in effect, and a copy of any indenture or other instrument covering the security  
 68.33 to be registered;

69.1 (D) a signed or conformed copy of an opinion of counsel concerning the legality of the  
 69.2 securities being registered which states whether the securities, when sold, will be validly  
 69.3 issued, fully paid, and nonassessable and, if debt securities, binding obligations of the issuer;

69.4 (E) the states (i) in which the securities are proposed to be offered; (ii) in which a  
 69.5 registration statement or similar filing has been made in connection with the offering  
 69.6 including information as to effectiveness of each such filing; and (iii) in which a stop order  
 69.7 or similar proceeding has been entered or in which proceedings or actions seeking such an  
 69.8 order are pending;

69.9 (F) a copy of the offering document proposed to be delivered to offerees; and

69.10 (G) a copy of any other pamphlet, circular, form letter, advertisement, or other sales  
 69.11 literature intended as of the effective date to be used in connection with the offering and  
 69.12 any solicitation of interest used in compliance with section 80A.46(17)(B).

69.13 (6) **Copy to purchaser.** A copy of the offering document as filed with the administrator  
 69.14 must be delivered to each person purchasing the securities prior to sale of the securities to  
 69.15 such person.

7.29 no proceeding is pending under section 80A.54, such registration statement shall become  
 7.30 effective automatically at the close of business on the 20th day after filing of the registration  
 7.31 statement or the last amendment of the registration statement or at such earlier time as the  
 7.32 administrator may designate by rule or order. For the purposes of a nonissuer transaction,  
 7.33 other than by an affiliate of the issuer, all outstanding securities of the same class identified  
 7.34 in the small corporate offering registration statement as a security registered under this  
 8.1 chapter are considered to be registered while the small corporate offering registration  
 8.2 statement is effective. A small corporate offering registration statement is effective for one  
 8.3 year after its effective date or for any longer period designated in an order under this chapter.  
 8.4 A small corporate offering registration statement may be withdrawn only with the approval  
 8.5 of the administrator.

8.6 (5) **Contents of registration statement.** A small corporate offering registration statement  
 8.7 under this section shall be on Form U-7, including exhibits required by the instructions  
 8.8 thereto, as adopted by the North American Securities Administrators Association, or such  
 8.9 alternative form as may be designated by the administrator by rule or order and must include:

8.10 (A) a consent to service of process complying with section 80A.88;

8.11 (B) a statement of the type and amount of securities to be offered and the amount of  
 8.12 securities to be offered in this state;

8.13 (C) a specimen or copy of the security being registered, unless the security is  
 8.14 uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial  
 8.15 equivalents in effect, and a copy of any indenture or other instrument covering the security  
 8.16 to be registered;

8.17 (D) a signed or conformed copy of an opinion of counsel concerning the legality of the  
 8.18 securities being registered which states whether the securities, when sold, will be validly  
 8.19 issued, fully paid, and nonassessable and, if debt securities, binding obligations of the issuer;

8.20 (E) the states (i) in which the securities are proposed to be offered; (ii) in which a  
 8.21 registration statement or similar filing has been made in connection with the offering  
 8.22 including information as to effectiveness of each such filing; and (iii) in which a stop order  
 8.23 or similar proceeding has been entered or in which proceedings or actions seeking such an  
 8.24 order are pending;

8.25 (F) a copy of the offering document proposed to be delivered to offerees; and

8.26 (G) a copy of any other pamphlet, circular, form letter, advertisement, or other sales  
 8.27 literature intended as of the effective date to be used in connection with the offering and  
 8.28 any solicitation of interest used in compliance with section 80A.46(17)(B).

8.29 (6) **Copy to purchaser.** A copy of the offering document as filed with the administrator  
 8.30 must be delivered to each person purchasing the securities prior to sale of the securities to  
 8.31 such person.

69.16 (c) **Offering limit.** Offers and sales of securities under a small corporate offering  
69.17 registration as set forth in this section are allowed up to the limit prescribed by Code of  
69.18 Federal Regulations, title 17, part 230.504 (b)(2), as amended.

69.19 **(d) Regulation A - Tier 2 filing requirements.**

69.20 **(1) Initial filing.** An issuer planning to offer and sell securities in Minnesota in an  
69.21 offering exempt under Tier 2 of federal Regulation A must, at least 21 calendar days before  
69.22 the date of the initial sale of securities in Minnesota, submit to the administrator:

69.23 (A) a completed Regulation A - Tier 2 offering notice filing form or copies of all the  
69.24 documents filed with the Securities Exchange Commission; and

69.25 (B) a consent to service of process on Form U-2, if consent to service of process is not  
69.26 provided in the Regulation A - Tier 2 offering notice filing form.

69.27 The initial notice filing made in Minnesota is effective for 12 months after the date the  
69.28 filing is made.

69.29 **(2) Renewal.** For each additional 12-month period in which the same offering is  
69.30 continued, an issuer conducting a Tier 2 offering under federal Regulation A may renew  
69.31 the notice filing by filing (i) the Regulation A - Tier 2 offering notice filing form marked  
70.1 "renewal," or (ii) a cover letter or other document requesting renewal. The renewal filing  
70.2 must be made on or before the date notice filing expires.

70.3 **(3) Amendment.** An issuer may increase the amount of securities offered in Minnesota  
70.4 by submitting a Regulation A - Tier 2 offering notice filing form or other document  
70.5 describing the transaction.

70.6 Sec. 40. Minnesota Statutes 2022, section 80A.61, is amended to read:

70.7 **80A.61 SECTION 406; REGISTRATION BY BROKER-DEALER, AGENT,  
70.8 FUNDING PORTAL, INVESTMENT ADVISER, AND INVESTMENT ADVISER  
70.9 REPRESENTATIVE.**

70.10 (a) **Application for initial registration by broker-dealer, agent, investment adviser,  
70.11 or investment adviser representative.** A person shall register as a broker-dealer, agent,  
70.12 investment adviser, or investment adviser representative by filing an application and a  
70.13 consent to service of process complying with section 80A.88, and paying the fee specified  
70.14 in section 80A.65 and any reasonable fees charged by the designee of the administrator for  
70.15 processing the filing. The application must contain:

70.16 (1) the information or record required for the filing of a uniform application; and

70.17 (2) upon request by the administrator, any other financial or other information or record  
70.18 that the administrator determines is appropriate.

9.1 (c) **Offering limit.** Offers and sales of securities under a small corporate offering  
9.2 registration as set forth in this section are allowed up to the limit prescribed by Code of  
9.3 Federal Regulations, title 17, part 230.504 (b)(2), as amended.

9.4 **(d) Regulation A - Tier 2 filing requirements.**

9.5 **(1) Initial filing.** An issuer planning to offer and sell securities in Minnesota in an  
9.6 offering exempt under Tier 2 of federal Regulation A must, at least 21 calendar days before  
9.7 the date of the initial sale of securities in Minnesota, submit to the administrator:

9.8 (A) a completed Regulation A - Tier 2 offering notice filing form or copies of all the  
9.9 documents filed with the Securities Exchange Commission; and

9.10 (B) a consent to service of process on Form U-2, if consent to service of process is not  
9.11 provided in the Regulation A - Tier 2 offering notice filing form.

9.12 The initial notice filing made in Minnesota is effective for 12 months after the date the  
9.13 filing is made.

9.14 **(2) Renewal.** For each additional 12-month period in which the same offering is  
9.15 continued, an issuer conducting a Tier 2 offering under federal Regulation A may renew  
9.16 the notice filing by filing (i) the Regulation A - Tier 2 offering notice filing form marked  
9.17 "renewal," or (ii) a cover letter or other document requesting renewal. The renewal filing  
9.18 must be made on or before the date notice filing expires.

9.19 **(3) Amendment.** An issuer may increase the amount of securities offered in Minnesota  
9.20 by submitting a Regulation A - Tier 2 offering notice filing form or other document  
9.21 describing the transaction.

9.22 Sec. 5. Minnesota Statutes 2022, section 80A.61, is amended to read:

9.23 **80A.61 SECTION 406; REGISTRATION BY BROKER-DEALER, AGENT,  
9.24 FUNDING PORTAL, INVESTMENT ADVISER, AND INVESTMENT ADVISER  
9.25 REPRESENTATIVE.**

9.26 (a) **Application for initial registration by broker-dealer, agent, investment adviser,  
9.27 or investment adviser representative.** A person shall register as a broker-dealer, agent,  
9.28 investment adviser, or investment adviser representative by filing an application and a  
9.29 consent to service of process complying with section 80A.88, and paying the fee specified  
9.30 in section 80A.65 and any reasonable fees charged by the designee of the administrator for  
9.31 processing the filing. The application must contain:

9.32 (1) the information or record required for the filing of a uniform application; and

10.1 (2) upon request by the administrator, any other financial or other information or record  
10.2 that the administrator determines is appropriate.

70.19 (b) **Amendment.** If the information or record contained in an application filed under  
70.20 subsection (a) is or becomes inaccurate or incomplete in a material respect, the registrant  
70.21 shall promptly file a correcting amendment.

70.22 (c) **Effectiveness of registration.** If an order is not in effect and a proceeding is not  
70.23 pending under section 80A.67, registration becomes effective at noon on the 45th day after  
70.24 a completed application is filed, unless the registration is denied. A rule adopted or order  
70.25 issued under this chapter may set an earlier effective date or may defer the effective date  
70.26 until noon on the 45th day after the filing of any amendment completing the application.

70.27 (d) **Registration renewal.** A registration is effective until midnight on December 31 of  
70.28 the year for which the application for registration is filed. Unless an order is in effect under  
70.29 section 80A.67, a registration may be automatically renewed each year by filing such records  
70.30 as are required by rule adopted or order issued under this chapter, by paying the fee specified  
70.31 in section 80A.65, and by paying costs charged by the designee of the administrator for  
70.32 processing the filings.

71.1 (e) **Additional conditions or waivers.** A rule adopted or order issued under this chapter  
71.2 may impose such other conditions, not inconsistent with the National Securities Markets  
71.3 Improvement Act of 1996. An order issued under this chapter may waive, in whole or in  
71.4 part, specific requirements in connection with registration as are in the public interest and  
71.5 for the protection of investors.

71.6 (f) **Funding portal registration.** A funding portal that has its principal place of business  
71.7 in the state of Minnesota shall register with the state of Minnesota by filing with the  
71.8 administrator a copy of the information or record required for the filing of an application  
71.9 for registration as a funding portal in the manner established by the Securities and Exchange  
71.10 Commission and/or the Financial Institutions Regulatory Authority (FINRA), along with  
71.11 any rule adopted or order issued, and any amendments thereto.

71.12 (g) **Application for investment adviser representative registration.**

71.13 (1) The application for initial registration as an investment adviser representative pursuant  
71.14 to section 80A.58 is made by completing Form U-4 (Uniform Application for Securities  
71.15 Industry Registration or Transfer) in accordance with the form instructions and by filing  
71.16 the form U-4 with the IARD. The application for initial registration must also include the  
71.17 following:

71.18 (i) proof of compliance by the investment adviser representative with the examination  
71.19 requirements of:

71.20 (A) the Uniform Investment Adviser Law Examination (Series 65); or

71.21 (B) the General Securities Representative Examination (Series 7) and the Uniform  
71.22 Combined State Law Examination (Series 66);

71.23 (ii) any other information the administrator may reasonably require.

10.3 (b) **Amendment.** If the information or record contained in an application filed under  
10.4 subsection (a) is or becomes inaccurate or incomplete in a material respect, the registrant  
10.5 shall promptly file a correcting amendment.

10.6 (c) **Effectiveness of registration.** If an order is not in effect and a proceeding is not  
10.7 pending under section 80A.67, registration becomes effective at noon on the 45th day after  
10.8 a completed application is filed, unless the registration is denied. A rule adopted or order  
10.9 issued under this chapter may set an earlier effective date or may defer the effective date  
10.10 until noon on the 45th day after the filing of any amendment completing the application.

10.11 (d) **Registration renewal.** A registration is effective until midnight on December 31 of  
10.12 the year for which the application for registration is filed. Unless an order is in effect under  
10.13 section 80A.67, a registration may be automatically renewed each year by filing such records  
10.14 as are required by rule adopted or order issued under this chapter, by paying the fee specified  
10.15 in section 80A.65, and by paying costs charged by the designee of the administrator for  
10.16 processing the filings.

10.17 (e) **Additional conditions or waivers.** A rule adopted or order issued under this chapter  
10.18 may impose such other conditions, not inconsistent with the National Securities Markets  
10.19 Improvement Act of 1996. An order issued under this chapter may waive, in whole or in  
10.20 part, specific requirements in connection with registration as are in the public interest and  
10.21 for the protection of investors.

10.22 (f) **Funding portal registration.** A funding portal that has its principal place of business  
10.23 in the state of Minnesota shall register with the state of Minnesota by filing with the  
10.24 administrator a copy of the information or record required for the filing of an application  
10.25 for registration as a funding portal in the manner established by the Securities and Exchange  
10.26 Commission and/or the Financial Institutions Regulatory Authority (FINRA), along with  
10.27 any rule adopted or order issued, and any amendments thereto.

10.28 (g) **Application for investment adviser representative registration.**

10.29 (1) The application for initial registration as an investment adviser representative pursuant  
10.30 to section 80A.58 is made by completing Form U-4 (Uniform Application for Securities  
10.31 Industry Registration or Transfer) in accordance with the form instructions and by filing  
10.32 the form U-4 with the IARD. The application for initial registration must also include the  
10.33 following:

11.1 (i) proof of compliance by the investment adviser representative with the examination  
11.2 requirements of:

11.3 (A) the Uniform Investment Adviser Law Examination (Series 65); or

11.4 (B) the General Securities Representative Examination (Series 7) and the Uniform  
11.5 Combined State Law Examination (Series 66);

11.6 (ii) any other information the administrator may reasonably require.

71.24 (2) The application for the annual renewal registration as an investment adviser  
71.25 representative shall be filed with the IARD.

71.26 (3)(i) The investment adviser representative is under a continuing obligation to update  
71.27 information required by Form U-4 as changes occur;

71.28 (ii) An investment adviser representative and the investment adviser must file promptly  
71.29 with the IARD any amendments to the representative's Form U-4; and

71.30 (iii) An amendment will be considered to be filed promptly if the amendment is filed  
71.31 within 30 days of the event that requires the filing of the amendment.

72.1 (4) An application for initial or renewal of registration is not considered filed for purposes  
72.2 of section 80A.58 until the required fee and all required submissions have been received  
72.3 by the administrator.

72.4 (5) The application for withdrawal of registration as an investment adviser representative  
72.5 pursuant to section 80A.58 shall be completed by following the instructions on Form U-5  
72.6 (Uniform Termination Notice for Securities Industry Registration) and filed upon Form U-5  
72.7 with the IARD.

72.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

72.9 Sec. 41. Minnesota Statutes 2022, section 80A.66, is amended to read:

72.10 **80A.66 SECTION 411; POSTREGISTRATION REQUIREMENTS.**

72.11 (a) **Financial requirements.** Subject to Section 15(h) of the Securities Exchange Act  
72.12 of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940  
72.13 (15 U.S.C. Section 80b-22), a rule adopted or order issued under this chapter may establish  
72.14 minimum financial requirements for broker-dealers registered or required to be registered  
72.15 under this chapter and investment advisers registered or required to be registered under this  
72.16 chapter.

72.17 (b) **Financial reports.** Subject to Section 15(h) of the Securities Exchange Act of 1934  
72.18 (15 U.S.C. Section 78o(h)) or Section 222(b) of the Investment Advisers Act of 1940 (15  
72.19 U.S.C. Section 80b-22), a broker-dealer registered or required to be registered under this  
72.20 chapter and an investment adviser registered or required to be registered under this chapter  
72.21 shall file such financial reports as are required by a rule adopted or order issued under this  
72.22 chapter. If the information contained in a record filed under this subsection is or becomes  
72.23 inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting  
72.24 amendment.

72.25 (c) **Record keeping.** Subject to Section 15(h) of the Securities Exchange Act of 1934  
72.26 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15  
72.27 U.S.C. Section 80b-22):

11.7 (2) The application for the annual renewal registration as an investment adviser  
11.8 representative shall be filed with the IARD.

11.9 (3)(i) The investment adviser representative is under a continuing obligation to update  
11.10 information required by Form U-4 as changes occur;

11.11 (ii) An investment adviser representative and the investment adviser must file promptly  
11.12 with the IARD any amendments to the representative's Form U-4; and

11.13 (iii) An amendment will be considered to be filed promptly if the amendment is filed  
11.14 within 30 days of the event that requires the filing of the amendment.

11.15 (4) An application for initial or renewal of registration is not considered filed for purposes  
11.16 of section 80A.58 until the required fee and all required submissions have been received  
11.17 by the administrator.

11.18 (5) The application for withdrawal of registration as an investment adviser representative  
11.19 pursuant to section 80A.58 shall be completed by following the instructions on Form U-5  
11.20 (Uniform Termination Notice for Securities Industry Registration) and filed upon Form U-5  
11.21 with the IARD.

11.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

11.23 Sec. 6. Minnesota Statutes 2022, section 80A.66, is amended to read:

11.24 **80A.66 SECTION 411; POSTREGISTRATION REQUIREMENTS.**

11.25 (a) **Financial requirements.** Subject to Section 15(h) of the Securities Exchange Act  
11.26 of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940  
11.27 (15 U.S.C. Section 80b-22), a rule adopted or order issued under this chapter may establish  
11.28 minimum financial requirements for broker-dealers registered or required to be registered  
11.29 under this chapter and investment advisers registered or required to be registered under this  
11.30 chapter.

12.1 (b) **Financial reports.** Subject to Section 15(h) of the Securities Exchange Act of 1934  
12.2 (15 U.S.C. Section 78o(h)) or Section 222(b) of the Investment Advisers Act of 1940 (15  
12.3 U.S.C. Section 80b-22), a broker-dealer registered or required to be registered under this  
12.4 chapter and an investment adviser registered or required to be registered under this chapter  
12.5 shall file such financial reports as are required by a rule adopted or order issued under this  
12.6 chapter. If the information contained in a record filed under this subsection is or becomes  
12.7 inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting  
12.8 amendment.

12.9 (c) **Record keeping.** Subject to Section 15(h) of the Securities Exchange Act of 1934  
12.10 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15  
12.11 U.S.C. Section 80b-22):

72.28 (1) a broker-dealer registered or required to be registered under this chapter and an  
72.29 investment adviser registered or required to be registered under this chapter shall make and  
72.30 maintain the accounts, correspondence, memoranda, papers, books, and other records  
72.31 required by rule adopted or order issued under this chapter;

72.32 (2) broker-dealer records required to be maintained under paragraph (1) may be  
72.33 maintained in any form of data storage acceptable under Section 17(a) of the Securities  
73.1 Exchange Act of 1934 (15 U.S.C. Section 78q(a)) if they are readily accessible to the  
73.2 administrator; and

73.3 (3) investment adviser records required to be maintained under paragraph (d)(1) may  
73.4 be maintained in any form of data storage required by rule adopted or order issued under  
73.5 this chapter.

73.6 (d) **Records and reports of private funds.**

73.7 (1) **In general.** An investment adviser to a private fund shall maintain such records of,  
73.8 and file with the administrator such reports and amendments thereto, that an exempt reporting  
73.9 adviser is required to file with the Securities and Exchange Commission pursuant to SEC  
73.10 Rule 204-4, Code of Federal Regulations, title 17, section 275.204-4.

73.11 (2) **Treatment of records.** The records and reports of any private fund to which an  
73.12 investment adviser provides investment advice shall be deemed to be the records and reports  
73.13 of the investment adviser.

73.14 (3) **Required information.** The records and reports required to be maintained by an  
73.15 investment adviser, which are subject to inspection by a representative of the administrator  
73.16 at any time, shall include for each private fund advised by the investment adviser, a  
73.17 description of:

73.18 (A) the amount of assets under management;

73.19 (B) the use of leverage, including off-balance-sheet leverage, as to the assets under  
73.20 management;

73.21 (C) counterparty credit risk exposure;

73.22 (D) trading and investment positions;

73.23 (E) valuation policies and practices of the fund;

73.24 (F) types of assets held;

73.25 (G) side arrangements or side letters, whereby certain investors in a fund obtain more  
73.26 favorable rights or entitlements than other investors;

73.27 (H) trading practices; and

73.28 (I) such other information as the administrator determines is necessary and appropriate  
73.29 in the public interest and for the protection of investors, which may include the establishment

12.12 (1) a broker-dealer registered or required to be registered under this chapter and an  
12.13 investment adviser registered or required to be registered under this chapter shall make and  
12.14 maintain the accounts, correspondence, memoranda, papers, books, and other records  
12.15 required by rule adopted or order issued under this chapter;

12.16 (2) broker-dealer records required to be maintained under paragraph (1) may be  
12.17 maintained in any form of data storage acceptable under Section 17(a) of the Securities  
12.18 Exchange Act of 1934 (15 U.S.C. Section 78q(a)) if they are readily accessible to the  
12.19 administrator; and

12.20 (3) investment adviser records required to be maintained under paragraph (d)(1) may  
12.21 be maintained in any form of data storage required by rule adopted or order issued under  
12.22 this chapter.

12.23 (d) **Records and reports of private funds.**

12.24 (1) **In general.** An investment adviser to a private fund shall maintain such records of,  
12.25 and file with the administrator such reports and amendments thereto, that an exempt reporting  
12.26 adviser is required to file with the Securities and Exchange Commission pursuant to SEC  
12.27 Rule 204-4, Code of Federal Regulations, title 17, section 275.204-4.

12.28 (2) **Treatment of records.** The records and reports of any private fund to which an  
12.29 investment adviser provides investment advice shall be deemed to be the records and reports  
12.30 of the investment adviser.

12.31 (3) **Required information.** The records and reports required to be maintained by an  
12.32 investment adviser, which are subject to inspection by a representative of the administrator  
13.1 at any time, shall include for each private fund advised by the investment adviser, a  
13.2 description of:

13.3 (A) the amount of assets under management;

13.4 (B) the use of leverage, including off-balance-sheet leverage, as to the assets under  
13.5 management;

13.6 (C) counterparty credit risk exposure;

13.7 (D) trading and investment positions;

13.8 (E) valuation policies and practices of the fund;

13.9 (F) types of assets held;

13.10 (G) side arrangements or side letters, whereby certain investors in a fund obtain more  
13.11 favorable rights or entitlements than other investors;

13.12 (H) trading practices; and

13.13 (I) such other information as the administrator determines is necessary and appropriate  
13.14 in the public interest and for the protection of investors, which may include the establishment

73.30 of different reporting requirements for different classes of fund advisers, based on the type  
73.31 or size of the private fund being advised.

74.1 (4) **Filing of records.** A rule or order under this chapter may require each investment  
74.2 adviser to a private fund to file reports containing such information as the administrator  
74.3 deems necessary and appropriate in the public interest and for the protection of investors.

74.4 (e) **Audits or inspections.** The records of a broker-dealer registered or required to be  
74.5 registered under this chapter and of an investment adviser registered or required to be  
74.6 registered under this chapter, including the records of a private fund described in paragraph  
74.7 (d) and the records of investment advisers to private funds, are subject to such reasonable  
74.8 periodic, special, or other audits or inspections by a representative of the administrator,  
74.9 within or without this state, as the administrator considers necessary or appropriate in the  
74.10 public interest and for the protection of investors. An audit or inspection may be made at  
74.11 any time and without prior notice. The administrator may copy, and remove for audit or  
74.12 inspection copies of, all records the administrator reasonably considers necessary or  
74.13 appropriate to conduct the audit or inspection. The administrator may assess a reasonable  
74.14 charge for conducting an audit or inspection under this subsection.

74.15 (f) **Custody and discretionary authority bond or insurance.** Subject to Section 15(h)  
74.16 of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the  
74.17 Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), a rule adopted or order issued  
74.18 under this chapter may require a broker-dealer or investment adviser that has custody of or  
74.19 discretionary authority over funds or securities of a customer or client to obtain insurance  
74.20 or post a bond or other satisfactory form of security in an amount of at least \$25,000, but  
74.21 not to exceed \$100,000. The administrator may determine the requirements of the insurance,  
74.22 bond, or other satisfactory form of security. Insurance or a bond or other satisfactory form  
74.23 of security may not be required of a broker-dealer registered under this chapter whose net  
74.24 capital exceeds, or of an investment adviser registered under this chapter whose minimum  
74.25 financial requirements exceed, the amounts required by rule or order under this chapter.  
74.26 The insurance, bond, or other satisfactory form of security must permit an action by a person  
74.27 to enforce any liability on the insurance, bond, or other satisfactory form of security if  
74.28 instituted within the time limitations in section 80A.76(j)(2).

74.29 (g) **Requirements for custody.** Subject to Section 15(h) of the Securities Exchange Act  
74.30 of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940  
74.31 (15 U.S.C. Section 80b-22), an agent may not have custody of funds or securities of a  
74.32 customer except under the supervision of a broker-dealer and an investment adviser  
74.33 representative may not have custody of funds or securities of a client except under the  
74.34 supervision of an investment adviser or a federal covered investment adviser. A rule adopted  
74.35 or order issued under this chapter may prohibit, limit, or impose conditions on a broker-dealer  
75.1 regarding custody of funds or securities of a customer and on an investment adviser regarding  
75.2 custody of securities or funds of a client.

75.3 (h) **Investment adviser brochure rule.** With respect to an investment adviser registered  
75.4 or required to be registered under this chapter, a rule adopted or order issued under this

13.15 of different reporting requirements for different classes of fund advisers, based on the type  
13.16 or size of the private fund being advised.

13.17 (4) **Filing of records.** A rule or order under this chapter may require each investment  
13.18 adviser to a private fund to file reports containing such information as the administrator  
13.19 deems necessary and appropriate in the public interest and for the protection of investors.

13.20 (e) **Audits or inspections.** The records of a broker-dealer registered or required to be  
13.21 registered under this chapter and of an investment adviser registered or required to be  
13.22 registered under this chapter, including the records of a private fund described in paragraph  
13.23 (d) and the records of investment advisers to private funds, are subject to such reasonable  
13.24 periodic, special, or other audits or inspections by a representative of the administrator,  
13.25 within or without this state, as the administrator considers necessary or appropriate in the  
13.26 public interest and for the protection of investors. An audit or inspection may be made at  
13.27 any time and without prior notice. The administrator may copy, and remove for audit or  
13.28 inspection copies of, all records the administrator reasonably considers necessary or  
13.29 appropriate to conduct the audit or inspection. The administrator may assess a reasonable  
13.30 charge for conducting an audit or inspection under this subsection.

13.31 (f) **Custody and discretionary authority bond or insurance.** Subject to Section 15(h)  
13.32 of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the  
14.1 Investment Advisers Act of 1940 (15 U.S.C. Section 80b-22), a rule adopted or order issued  
14.2 under this chapter may require a broker-dealer or investment adviser that has custody of or  
14.3 discretionary authority over funds or securities of a customer or client to obtain insurance  
14.4 or post a bond or other satisfactory form of security in an amount of at least \$25,000, but  
14.5 not to exceed \$100,000. The administrator may determine the requirements of the insurance,  
14.6 bond, or other satisfactory form of security. Insurance or a bond or other satisfactory form  
14.7 of security may not be required of a broker-dealer registered under this chapter whose net  
14.8 capital exceeds, or of an investment adviser registered under this chapter whose minimum  
14.9 financial requirements exceed, the amounts required by rule or order under this chapter.  
14.10 The insurance, bond, or other satisfactory form of security must permit an action by a person  
14.11 to enforce any liability on the insurance, bond, or other satisfactory form of security if  
14.12 instituted within the time limitations in section 80A.76(j)(2).

14.13 (g) **Requirements for custody.** Subject to Section 15(h) of the Securities Exchange Act  
14.14 of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940  
14.15 (15 U.S.C. Section 80b-22), an agent may not have custody of funds or securities of a  
14.16 customer except under the supervision of a broker-dealer and an investment adviser  
14.17 representative may not have custody of funds or securities of a client except under the  
14.18 supervision of an investment adviser or a federal covered investment adviser. A rule adopted  
14.19 or order issued under this chapter may prohibit, limit, or impose conditions on a broker-dealer  
14.20 regarding custody of funds or securities of a customer and on an investment adviser regarding  
14.21 custody of securities or funds of a client.

14.22 (h) **Investment adviser brochure rule.** With respect to an investment adviser registered  
14.23 or required to be registered under this chapter, a rule adopted or order issued under this

75.5 chapter may require that information or other record be furnished or disseminated to clients  
 75.6 or prospective clients in this state as necessary or appropriate in the public interest and for  
 75.7 the protection of investors and advisory clients.

75.8 (i) **Continuing education.** A rule adopted or order issued under this chapter may require  
 75.9 an individual registered under section 80A.57 or 80A.58 to participate in a continuing  
 75.10 education program approved by the Securities and Exchange Commission and administered  
 75.11 by a self-regulatory organization.

75.12 **EFFECTIVE DATE.** This section is effective January 1, 2025.

75.13 Sec. 42. Minnesota Statutes 2022, section 80C.05, subdivision 3, is amended to read:

75.14 Subd. 3. **Escrow or impoundment of fees and other funds by commissioner.** If the  
 75.15 commissioner finds that the applicant has failed to demonstrate that adequate financial  
 75.16 arrangements have been made to fulfill obligations to provide real estate, improvements,  
 75.17 equipment, inventory, training or other items included in the offering, the commissioner  
 75.18 may by rule or order require the escrow ~~or~~ impoundment, or deferral of franchise fees and  
 75.19 other funds paid by the franchisee or subfranchisor until no later than the time of opening  
 75.20 of the franchise business.

75.21 Sec. 43. Minnesota Statutes 2022, section 82B.021, subdivision 26, is amended to read:

75.22 Subd. 26. **Standards of professional practice.** "Standards of professional practice"  
 75.23 means the version of the uniform standards of professional appraisal practice of the  
 75.24 Appraisers Appraisal Standards Board of the Appraisal Foundation in effect as of January  
 75.25 1, 1991, or other version of these standards the commissioner may by order designate on  
 75.26 the date the appraiser signs the appraisal report.

75.27 Sec. 44. Minnesota Statutes 2022, section 82B.094, is amended to read:

75.28 **82B.094 SUPERVISION OF TRAINEE REAL PROPERTY APPRAISERS.**

75.29 (a) A certified residential real property appraiser or a certified general real property  
 75.30 appraiser, in good standing, may engage a trainee real property appraiser to assist in the  
 76.1 performance of real estate appraisals, provided that the certified residential real property  
 76.2 appraiser or a certified general real property appraiser:

76.3 (1) has been licensed in good standing as either a certified residential real property  
 76.4 appraiser or a certified general real property appraiser for the three-year period immediately  
 76.5 preceding the individual's application to become a supervisor;

76.6 (2) has completed a six-hour course, approved in advance by the commissioner and  
 76.7 provided by an education provider approved by the commissioner, that is specifically oriented  
 76.8 to the requirements and responsibilities of supervisory appraisers and trainee appraisers. A  
 76.9 course approved by the commissioner for the purposes of this section must be given the  
 76.10 course title "Minnesota Supervisor/Trainee Appraiser Course";

14.24 chapter may require that information or other record be furnished or disseminated to clients  
 14.25 or prospective clients in this state as necessary or appropriate in the public interest and for  
 14.26 the protection of investors and advisory clients.

14.27 (i) **Continuing education.** A rule adopted or order issued under this chapter may require  
 14.28 an individual registered under section 80A.57 or 80A.58 to participate in a continuing  
 14.29 education program approved by the Securities and Exchange Commission and administered  
 14.30 by a self-regulatory organization.

14.31 **EFFECTIVE DATE.** This section is effective January 1, 2025.

14.32 Sec. 7. Minnesota Statutes 2022, section 80C.05, subdivision 3, is amended to read:

14.33 Subd. 3. **Escrow or impoundment of fees and other funds by commissioner.** If the  
 14.34 commissioner finds that the applicant has failed to demonstrate that adequate financial  
 15.1 arrangements have been made to fulfill obligations to provide real estate, improvements,  
 15.2 equipment, inventory, training or other items included in the offering, the commissioner  
 15.3 may by rule or order require the escrow ~~or~~ impoundment, or deferral of franchise fees and  
 15.4 other funds paid by the franchisee or subfranchisor until no later than the time of opening  
 15.5 of the franchise business.

15.6 Sec. 8. Minnesota Statutes 2022, section 82B.021, subdivision 26, is amended to read:

15.7 Subd. 26. **Standards of professional practice.** "Standards of professional practice"  
 15.8 means the version of the uniform standards of professional appraisal practice of the  
 15.9 Appraisers Appraisal Standards Board of the Appraisal Foundation in effect as of January  
 15.10 1, 1991, or other version of these standards the commissioner may by order designate on  
 15.11 the date the appraiser signs the appraisal report.

76.11 (3) has not been the subject of any license or certificate suspension or revocation or has  
76.12 not been prohibited from supervising activities in this state or any other state within the  
76.13 three years immediately preceding the individual's application to become a supervisor;

76.14 (4) has no more than three trainee real property appraisers working under supervision  
76.15 at any one time;

76.16 (5) actively and personally supervises the trainee real property appraiser, which includes  
76.17 ensuring that research of general and specific data has been adequately conducted and  
76.18 properly reported, application of appraisal principles and methodologies has been properly  
76.19 applied, that the analysis is sound and adequately reported, and that any analyses, opinions,  
76.20 or conclusions are adequately developed and reported so that the appraisal report is not  
76.21 misleading;

76.22 (6) discusses with the trainee real property appraiser any necessary and appropriate  
76.23 changes that are made to a report, involving any trainee appraiser, before it is transmitted  
76.24 to the client. Changes not discussed with the trainee real property appraiser that are made  
76.25 by the supervising appraiser must be provided in writing to the trainee real property appraiser  
76.26 upon completion of the appraisal report;

76.27 (7) accompanies the trainee real property appraiser on the inspections of the subject  
76.28 properties and drive-by inspections of the comparable sales on all appraisal assignments  
76.29 for which the trainee will perform work until the trainee appraiser is determined to be  
76.30 competent, in accordance with the competency rule of USPAP for the property type;

76.31 (8) accepts full responsibility for the appraisal report by signing and certifying that the  
76.32 report complies with USPAP; and

77.1 (9) reviews and signs the trainee real property appraiser's appraisal report or reports or  
77.2 if the trainee appraiser is not signing the report, states in the appraisal the name of the trainee  
77.3 and scope of the trainee's significant contribution to the report.

77.4 (b) The supervising appraiser must review and sign the applicable experience log required  
77.5 to be kept by the trainee real property appraiser.

77.6 (c) The supervising appraiser must notify the commissioner within ten days when the  
77.7 supervision of a trainee real property appraiser has terminated or when the trainee appraiser  
77.8 is no longer under the supervision of the supervising appraiser.

77.9 (d) The supervising appraiser must maintain a separate work file for each appraisal  
77.10 assignment.

77.11 (e) The supervising appraiser must verify that any trainee real property appraiser that is  
77.12 subject to supervision is properly licensed and in good standing with the commissioner.

77.13 **EFFECTIVE DATE.** This section is effective January 1, 2026.

77.14 Sec. 45. Minnesota Statutes 2022, section 82B.095, subdivision 3, is amended to read:

77.15 Subd. 3. **Conformance to Appraisal Qualifications Board criteria.** (a) The  
77.16 requirements to obtain and maintain a trainee real property appraiser, licensed real property  
77.17 appraiser, certified residential real property appraiser, or certified general real property  
77.18 appraiser license are the education, examination, and experience requirements established  
77.19 by the Appraiser Qualifications Board of the Appraisal Foundation and published in the  
77.20 most recent version of the Real Property Appraiser Qualification Criteria.

77.21 (b) An applicant must complete the applicable education and experience requirements  
77.22 before taking the required examination.

77.23 **EFFECTIVE DATE.** This section is effective January 1, 2026.

77.24 Sec. 46. Minnesota Statutes 2022, section 82B.13, subdivision 1, is amended to read:

77.25 Subdivision 1. **Trainee real property appraiser.** As a prerequisite for licensing as a  
77.26 trainee real property appraiser, an applicant must present evidence satisfactory to the  
77.27 commissioner that the person has successfully completed a six-hour course that is specifically  
77.28 oriented to the requirements and responsibilities of supervisory appraisers and trainee  
77.29 appraisers. A course approved by the commissioner for the purposes of this subdivision  
77.30 must be given the course title "Minnesota Supervisor/Trainee Appraiser Course." This The  
78.1 course under this subdivision must not be counted toward qualifying education to upgrade  
78.2 to a higher level appraiser license.

78.3 **EFFECTIVE DATE.** This section is effective January 1, 2026.

78.4 Sec. 47. Minnesota Statutes 2022, section 82B.19, subdivision 1, is amended to read:

78.5 Subdivision 1. **License renewals.** ~~(a)~~ The commissioner must determine that a licensed  
78.6 real estate appraiser has met the continuing education requirements of this chapter before  
78.7 the commissioner renews a license. This determination must be based on, for a resident  
78.8 appraiser, course completion records uploaded electronically in a manner prescribed by the  
78.9 commissioner and, for a nonresident appraiser, course completion records presented by  
78.10 electronic transmission or uploaded electronically in a manner prescribed by the  
78.11 commissioner.

78.12 ~~The basic continuing education requirement for renewal of a license is the completion~~  
78.13 ~~by the applicant either as a student or as an instructor, during the immediately preceding~~  
78.14 ~~term of licensing, of at least 30 classroom hours of instruction in courses or seminars that~~  
78.15 ~~have received the approval of the commissioner. Classroom hour credit must not be accepted~~  
78.16 ~~for courses of less than two hours. As part of the continuing education requirements of this~~  
78.17 ~~section, the commissioner must require that all real estate appraisers successfully complete~~  
78.18 ~~the seven-hour national USPAP update course every two years. If the applicant's immediately~~  
78.19 ~~preceding term of licensing consisted of six or more months, but fewer than 24 months, the~~  
78.20 ~~applicant must provide evidence of completion of 15 hours of instruction during the license~~  
78.21 ~~period. The credit hours required under this section may be credited to a person for distance~~

15.12 Sec. 9. Minnesota Statutes 2022, section 82B.095, subdivision 3, is amended to read:

15.13 Subd. 3. **Conformance to Appraisal Qualifications Board criteria.** (a) The  
15.14 requirements to obtain and maintain a trainee real property appraiser, licensed real property  
15.15 appraiser, certified residential real property appraiser, or certified general real property  
15.16 appraiser license are the education, examination, and experience requirements established  
15.17 by the Appraiser Qualifications Board of the Appraisal Foundation and published in the  
15.18 most recent version of the Real Property Appraiser Qualification Criteria.

15.19 (b) An applicant must complete the applicable education and experience requirements  
15.20 before taking the required examination.

15.21 **EFFECTIVE DATE.** This section is effective January 1, 2026.

15.22 Sec. 10. Minnesota Statutes 2022, section 82B.19, subdivision 1, is amended to read:

15.23 Subdivision 1. **License renewals.** ~~(a)~~ The commissioner must determine that a licensed  
15.24 real estate appraiser has met the continuing education requirements of this chapter before  
15.25 the commissioner renews a license. This determination must be based on, for a resident  
15.26 appraiser, course completion records uploaded electronically in a manner prescribed by the  
15.27 commissioner and, for a nonresident appraiser, course completion records presented by  
15.28 electronic transmission or uploaded electronically in a manner prescribed by the  
15.29 commissioner.

15.30 ~~The basic continuing education requirement for renewal of a license is the completion~~  
15.31 ~~by the applicant either as a student or as an instructor, during the immediately preceding~~  
15.32 ~~term of licensing, of at least 30 classroom hours of instruction in courses or seminars that~~  
16.1 ~~have received the approval of the commissioner. Classroom hour credit must not be accepted~~  
16.2 ~~for courses of less than two hours. As part of the continuing education requirements of this~~  
16.3 ~~section, the commissioner must require that all real estate appraisers successfully complete~~  
16.4 ~~the seven-hour national USPAP update course every two years. If the applicant's immediately~~  
16.5 ~~preceding term of licensing consisted of six or more months, but fewer than 24 months, the~~  
16.6 ~~applicant must provide evidence of completion of 15 hours of instruction during the license~~  
16.7 ~~period. The credit hours required under this section may be credited to a person for distance~~

78.22 ~~education courses that meet Appraiser Qualifications Board criteria. An approved prelicense~~  
78.23 ~~education course may be taken for continuing education credit.~~

78.24 ~~(b) The 15-hour USPAP course cannot be used to satisfy the requirement to complete~~  
78.25 ~~the seven-hour national USPAP update course every two years.~~

78.26 **EFFECTIVE DATE.** This section is effective January 1, 2026.

78.27 Sec. 48. Minnesota Statutes 2022, section 115C.08, subdivision 2, is amended to read:

78.28 Subd. 2. **Imposing fee.** The board shall notify the commissioner of revenue if the  
78.29 unencumbered balance of the fund falls below \$4,000,000, and within ~~60~~ 90 days after  
78.30 receiving notice from the board, the commissioner of revenue shall impose the fee established  
78.31 in subdivision 3 on the use of a tank for four calendar months, with payment to be submitted  
78.32 with each monthly distributor tax return.

79.1 Sec. 49. **RULEMAKING.**

79.2 The commissioner of commerce must adopt rules to conform with the changes made in  
79.3 Minnesota Statutes, sections 80A.66 and 80C.05 with respect to investment advisor  
79.4 registration continuing education and franchise fees deferral, respectively. The commissioner  
79.5 of commerce may use the good cause exemption under Minnesota Statutes, section 14.388,  
79.6 subdivision 1, clause (3), to amend the rule under this section, and Minnesota Statutes,  
79.7 section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

79.8 Sec. 50. **RULEMAKING.**

79.9 The commissioner of commerce must amend Minnesota Rules, part 2675.2170, to comply  
79.10 with the changes made in this act. The commissioner of commerce may use the good cause  
79.11 exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend  
79.12 the rule under this section. Minnesota Statutes, section 14.386, does not apply, except as  
79.13 provided under Minnesota Statutes, section 14.388.

79.14 Sec. 51. **REPEALER.**

79.15 (a) Minnesota Statutes 2022, sections 45.014; and 58.08, subdivision 3, are repealed.

79.16 (b) Minnesota Statutes 2022, section 82B.25, is repealed.

79.17 (c) Minnesota Statutes 2023 Supplement, section 53B.58, is repealed.

16.8 ~~education courses that meet Appraiser Qualifications Board criteria. An approved prelicense~~  
16.9 ~~education course may be taken for continuing education credit.~~

16.10 ~~(b) The 15-hour USPAP course cannot be used to satisfy the requirement to complete~~  
16.11 ~~the seven-hour national USPAP update course every two years.~~

16.12 **EFFECTIVE DATE.** This section is effective January 1, 2026.

16.13 Sec. 11. Minnesota Statutes 2022, section 115C.08, subdivision 2, is amended to read:

16.14 Subd. 2. **Imposing fee.** The board shall notify the commissioner of revenue if the  
16.15 unencumbered balance of the fund falls below \$4,000,000, and within ~~60~~ 90 days after  
16.16 receiving notice from the board, the commissioner of revenue shall impose the fee established  
16.17 in subdivision 3 on the use of a tank for four calendar months, with payment to be submitted  
16.18 with each monthly distributor tax return.

53.25 Sec. 43. **RULEMAKING.**

53.26 The commissioner of commerce must adopt rules to conform with the changes made to  
53.27 Minnesota Statutes, sections 80A.66 and 80C.05, subdivision 3, in this article with respect  
53.28 to investment advisor registration continuing education and franchise fees deferral,  
53.29 respectively. The commissioner of commerce may use the good cause exemption under  
53.30 Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend the rule under this  
53.31 section, and Minnesota Statutes, section 14.386, does not apply except as provided under  
53.32 Minnesota Statutes, section 14.388.

125.15 Sec. 88. **RULEMAKING.**

125.16 The commissioner of commerce must amend Minnesota Rules, part 2675.2170, to comply  
125.17 with the changes made and added in this article to Minnesota Statutes, sections 47.20,  
125.18 subdivision 2; 47.54, subdivisions 2 and 6; 48.24, subdivision 2; 58.02, subdivisions 15a,  
125.19 18, and 21; 58.04, subdivisions 1 and 2; 58.05, subdivisions 1 and 3; 58.06, subdivisions  
125.20 5, 6, and 7; 58.08, subdivisions 1a, 2, and 3; 58.10, subdivision 3; 58.115; 58.13, subdivision  
125.21 1; and 58.141. The commissioner of commerce may use the good cause exemption under  
125.22 Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend the rule under this  
125.23 section. Minnesota Statutes, section 14.386, does not apply, except as provided under  
125.24 Minnesota Statutes, section 14.388.

125.25 Sec. 89. **REPEALER.**

125.26 (a) Minnesota Statutes 2022, section 58.08, subdivision 3, is repealed.

79.18 **EFFECTIVE DATE.** Paragraph (b) is effective January 1, 2026.

79.19 Sec. 52. **EFFECTIVE DATE.**

79.20 Sections 1 and 2 are effective August 1, 2024, and apply to loans executed on or after

79.21 that date.

125.27 (b) Minnesota Statutes 2023 Supplement, section 332.71, subdivision 8, is repealed.

125.28 **EFFECTIVE DATE.** Paragraph (b) is effective January 1, 2025.