

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.

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

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

61.17 (2) protect against any anticipated threats or hazards to the security or integrity of
 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

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

62.6 Subd. 3. **Security risk assessment.** (a) A financial institution must base the financial
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
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64.31 (2) utilizing qualified information security personnel employed by the financial institution,
 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;

65.1 (3) providing information security personnel with security updates and training sufficient
 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

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

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

65.19 Subd. 9. **Incident response plan.** A financial institution must establish a written incident
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
67.3 described in subdivision 2, if the notification event involves the information of at least 500
67.4 consumers, a financial institution must notify the commissioner without undue delay, but
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 \$5,000,000 <u>\$10,000,000</u>	\$100,000 <u>\$125,000</u>
45.1	\$5,000,000.01 <u>\$10,000,000.01</u> to \$10,000,000	
45.2	<u>\$25,000,000</u>	\$125,000 <u>\$150,000</u>
45.3	\$10,000,000.01 <u>\$25,000,000.01</u> to	
45.4	\$25,000,000 <u>\$100,000,000</u>	\$150,000 <u>\$200,000</u>
45.5	Over \$25,000,000 <u>\$100,000,000</u>	\$200,000 <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 \$5,000,000 <u>\$10,000,000</u>	\$100,000 <u>\$125,000</u>
87.30	\$5,000,000.01 <u>\$10,000,000.01</u> to \$10,000,000	
87.31	<u>\$25,000,000</u>	\$125,000 <u>\$150,000</u>
87.32	\$10,000,000.01 <u>\$25,000,000.01</u> to	
87.33	\$25,000,000 <u>\$100,000,000</u>	\$150,000 <u>\$200,000</u>
87.34	Over \$25,000,000 <u>\$100,000,000</u>	\$200,000 <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.

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

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.

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

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.

