Date: July 2026

To: Minnesota Licensed Mortgage Originators and Servicers

From: Financial Institutions Division

2026 Minnesota Mortgage Legislative Updates

Two laws were enacted related to the mortgage lending and servicing industry in 2026. The first was Laws of Minnesota 2026, chapter 58. You can find the language here. The second was Laws of Minnesota 2026, chapter 124. You can find the language here. Both laws are effective August 1, 2026. This information is not intended to be legal advice. If you have questions concerning your responsibilities under Minnesota law, you may consult with an attorney of your choice

House File 3437– Residential Mortgage Loan Fees and Penalties

- Adds a new definition to Minnesota Statutes, Chapter 58 for "debt service coverage ratio loan" or "DSCR loan."
- Debt service coverage ratio loans will not be subject to the provisions in Minnesota Statutes, section 58.137, subdivisions 1 and 2 covering various fees and charges, as well as prepayment penalties if certain conditions are met

House File 4188 – Omnibus Commerce Bill – mortgage-related provisions

- **Dual licensure and definition clarifications**. Article 1, sections 3, 4, and 9 expand the definitions contained in Minn. Stat. Sec. 47.49 to include chapter 58 licensees and provides that chapter 56 does not apply to chapter 58 licensees.
- **Technical changes**. Article 1, section 12 updates Minnesota Statutes, section 58.06 related to application contents to conform with the prior year updates to mortgage origination and servicing surety bond requirements.
- **Residential Mortgage Loan Servicing Standard**s – Article 1, section 13 makes several updates to the standards for residential mortgage servicing. This includes a new section 58.131. Summary of key changes:
    - **General requirements.** Provides that a violation of an applicable state law or rule, federal law or rule, or state or federal program is a violation of this section.
    - **Servicing and ownership transfer or sales.** Provides requirements concerning the continued processing of loan modification requests and trial and permanent modifications when loans servicing rights are transferred or sold.
    - **Payment processing and fees.** Provides for the prompt crediting of payments and provides requirements for the use of suspense accounts.
    - **Contracting with third-party providers.** Provides a requirement for written policies and procedures for oversight of third-party providers and retention requirements.

- **Maintenance of the escrow account.** Provides requirements for the maintenance of the escrow account, including notice requirement.
- **Borrower requests for information.** Requires a servicer to make a reasonable attempt to comply with a borrower's request for information, retain records of each request, and correct errors and refund fees assessed to a borrower resulting from an error the servicer made.
- **Borrower complaints and inquiries.** Requires servicers to establish and maintain procedures and a system to respond to and resolve borrower complaints and inquiries that includes a customer service department, telephone communication staffed by a live person, and contact information for the borrower.
- **Servicing prohibitions and fair dealing duty.** Provides for additional prohibited conduct by a servicer and requires a servicer to act in good faith and deal fairly with a borrower in connection with servicing a borrower's mortgage loan.
- **Notices, mailings, and evidence of receipt.** Requirements for mailing or email of correspondence, methods for borrowers to produce documents to a servicer, and requirements to provide evidence of when information is received or explaining when any documents are incomplete.
- **General documentation and record retention requirements –** Article 1, sections 14 through 17 makes updates on documentation and complaint resolution requirements in light of other amendments to Chapter 58, and amends data retention requirements.
- **Exemption update –** Minnesota Statutes, section 58.18 is amended to provide the exemption from private rights of action under Minnesota Statutes, chapter 58 for mortgage loans originated by depository institutions does not apply when the loan is serviced by a residential mortgage servicer as defined in Minnesota Statutes, section 58.02, subdivision 20.

How will the Financial Institutions Division implement these requirements?

- **Licensing –** The Financial Institutions Division non-depository licensing unit will be ready to process any potential license surrender requests that come about as a result of the changes. At this time, we are not contemplating any changes to our application checklists, but any future updates will be reflected on the NMLS.
- **Examinations –** Our mortgage examination team will be examining for compliance with the changes. Given the August 1st 2026 effective date, this will most likely begin for examinations in either Q4 2026 or Q1 2027 where the scope period lines up with the changes.