

by the Administrator of the Farmers Home Administration; (4) approved or certified by the Federal Home Loan Mortgage Corporation; or (5) approved or certified by the Federal National Mortgage Association.

Sec. 4. Minnesota Statutes 1996, section 82.27, subdivision 1, is amended to read:

Subdivision 1. The commissioner may by order deny, suspend or revoke any license or may censure a licensee if the commissioner finds (1) that the order is in the public interest, and (2) that the applicant or licensee or, in the case of a broker, any officer, director, partner, employee or agent or any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker or closing agent or controlled by the broker or closing agent:

(a) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, is false or misleading with respect to any material fact;

(b) has engaged in a fraudulent, deceptive, or dishonest practice;

(c) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the real estate business;

(d) has failed to reasonably supervise brokers, salespersons, or closing agents so as to cause injury or harm to the public;

(e) has violated or failed to comply with any provision of this chapter or any rule or order under this chapter;

(f) has, in the conduct of the licensee's affairs under the license, been shown to be incompetent, untrustworthy, or financially irresponsible; or

(g) has acted on behalf of any party to a transaction, where the licensee has a conflict of interest that may affect the licensee's ability to represent that party, without the knowledge and consent of the party; or

(h) has, while performing residential mortgage activities regulated under chapter 58 violated any provision of chapter 58.

Sec. 5. EFFECTIVE DATE.

Sections 1 to 4 are effective August 1, 1999.

Presented to the governor March 27, 1998

Signed by the governor March 31, 1998, 10:58 a.m.

CHAPTER 344—S.F.No. 2489

An act relating to commerce; regulating residential mortgage loans; establishing table funding requirements; proposing coding for new law in Minnesota Statutes, chapter 82.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[82.176] TABLE FUNDING.**

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. DEFINITIONS. (a) For purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Closing agent" has the meaning given in section 82.17, subdivision 10.

(c) "Collected funds" means funds deposited, finally settled, and credited to the closing agent's escrow account.

(d) "Established business relationship" means that the closing agent has performed at least 25 residential closings on behalf of the lender.

(e) "Federally insured financial institution" means an institution in which monetary deposits are insured by the Federal Deposit Insurance Corporation or National Credit Union Administration.

(f) "Lender" means a person who makes residential mortgage loans including a person who engages in table funding. "Lender" does not include any organization described in section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended, if the organization is exempt from tax under section 501(a) of the Internal Revenue Code of 1986, as amended. "Lender" does not include a state or any political subdivision of a state.

(g) "Qualified loan funds" means funds in one of the following forms:

(1) lawful money of the United States;

(2) wired funds when unconditionally held by the closing agent;

(3) cashier's checks, certified checks, bank money orders, or teller's checks issued by a federally insured financial institution and unconditionally held by the closing agent; and

(4) United States treasury checks, Federal Reserve Bank checks, federal home loan bank checks, and state of Minnesota warrants.

(h) "Table funding" means a closing or settlement at which a mortgage loan is funded by a lender by a contemporaneous advance of mortgage loan funds and an assignment of the mortgage loan to the lender advancing the funds.

Subd. 2. REQUIREMENTS. (a) A closing agent shall not make disbursements out of an escrow, security deposit, settlement, or closing account unless the funds received from the lender are collected funds or qualified loan funds. This subdivision does not prohibit a closing agent from electing to disburse out of an escrow, security deposit, settlement, or closing account, other than with collected funds or qualified loan funds, if the closing agent has an established business relationship with the lender on whose behalf the closing is being conducted.

(b) A lender, using the closing services of a closing agent, shall at or before the time of the closing deliver loan funds to the closing agent either in the form of collected funds or qualified loan funds.

Presented to the governor March 27, 1998

Signed by the governor March 31, 1998, 11:00 a.m.

New language is indicated by underline, deletions by strikeout.