

**56.001 DEFINITIONS.**

Subdivision 1. **Terms.** When used in this chapter, the terms defined in this section have the meanings given them, unless their context requires a different meaning.

Subd. 2. **Actuarial method.** "Actuarial method" means the method of allocating payments made on a loan between the principal amount and interest whereby a payment is applied first to the accumulated interest and then to the unpaid principal amount.

Subd. 3. **Applicable charge.** "Applicable charge" means the amount of interest attributable to each monthly installment period of the loan contract. The applicable charge is computed as if each installment period were one month and any charge for extending the first installment period beyond one month, or reduction in charge for a first installment less than one month, is ignored. The applicable charge for any installment period is that which would have been made for the period had the loan been made on an interest-bearing basis at the single annual percentage rate permitted by section 56.131, subdivision 1, based upon the assumption that all payments were made according to schedule. For convenience in computation, the licensee may round the single annual rate to the nearest one quarter of one percent.

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

Subd. 5. **Interest.** "Interest" means all charges payable directly or indirectly by a borrower which are imposed directly or indirectly by the licensee as an incident to the loan, however denominated, including interest, discount, loan fee, or credit or investigation fee, but shall not include permissible default or deferment charges, lawful fees for any security taken, insurance charges or premiums, court costs, or other charges specifically authorized by law.

Subd. 6. **Interest-bearing loan.** "Interest-bearing loan" means a loan in which the debt is expressed as the principal amount and interest is computed, charged, and collected on unpaid principal balances outstanding from time to time, for the time outstanding.

Subd. 7. **Precomputed loan.** "Precomputed loan" means a loan in which the debt is a sum comprising the principal amount and the amount of interest computed actuarially in advance on the assumption that all scheduled payments will be made when due.

Subd. 8. **Person.** "Person" includes individuals, copartnerships, associations, and corporations.

Subd. 9. **Principal amount.** "Principal amount" means the amount of cash paid to, or paid or payable for, the account of the borrower.

**History:** 1981 c 258 s 1; 1Sp1981 c 4 art 4 s 35; 1983 c 250 s 26; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92