

(9) Without regard to any other provisions of this chapter, to make any loan for the purchase or construction, the repair, alteration, improvement or modernization of a home or other residential property or for the payment of delinquent indebtedness, taxes or special assessments thereon, secured or unsecured, which is insured or guaranteed in whole or in part by the United States or any instrumentality thereof, or by this state or any instrumentality thereof, or for which a commitment to so insure or guarantee, or for which a conditional guarantee has been issued. The portions of such loans or obligations not so insured or guaranteed shall be subject to the limitations set forth in clause 8 of this subdivision.

(10) Without regard to any other provisions of this chapter, to make property improvement loans to home owners and other property owners for the repair, alteration, improvement or rehabilitation of their properties, with or without security, provided that no such loan shall exceed \$3,500 and provided further that not in excess of 15 percent of the assets of the association shall be so invested.

Approved March 30, 1957.

CHAPTER 266—H. F. No. 376

[Coded]

An act defining and regulating certain installment sales of motor vehicles; prescribing the conditions under which such sales may be made and regulating the financing thereof; regulating and licensing persons engaged in the business of financing such sales; prescribing the form, and contents used in connection with such sales and the financing thereof; prescribing certain rights and obligations of buyers, sellers, persons financing such sales and others; limiting incidental charges in connection with such instruments and fixing maximum charges for delinquencies, extensions and time sale differentials; authorizing investigations and examinations of persons engaged in the business of making or financing such sales; prescribing penalties for violations, and providing for enforcement of compliance by injunction.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. [168.66] **Definitions.** That in this act unless the context or subject matter otherwise requires:

(a) "Person" means an individual, partnership, corporation, association, and other group however organized.

(b) "Retail Installment Sale" means any sale evidenced by a retail installment contract wherein retail buyer agrees to buy and retail seller agrees to sell a motor vehicle at a time sale price payable in one or more installments.

(c) "Retail Installment Contract" means any agreement, entered into in this state, evidencing a retail installment sale of a motor vehicle, other than for the purpose of resale, pursuant to which title to, or a lien upon the motor vehicle is retained by the retail seller as security for the retail buyer's obligation. This term includes a mortgage, conditional sale contract, or any contract for the bailment or leasing of a motor vehicle by which the bailee or lessee contracts to pay as compensation for its use a sum substantially equivalent to the time sale price of the motor vehicle and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner of such motor vehicle.

(d) "Motor Vehicle" means any device propelled or drawn by any power other than muscular power, in, upon, or by which any person or property is, or may be transported or drawn upon a highway.

(e) "Retail Seller" or "Seller" means a person who sells or agrees to sell a motor vehicle under a retail installment contract to a retail buyer.

(f) "Retail Buyer" or "Buyer" means a person who buys or agrees to buy a motor vehicle from a retail seller not for the purpose of resale and who executes a retail installment contract in connection therewith.

(g) "Sales Finance Company" means a person engaged, in whole or in part, in the business of purchasing retail installment contracts from one or more retail sellers. The term includes but is not limited to a bank, trust company, or industrial loan and thrift company, if so engaged. The term also includes a retail seller engaged, in whole or in part, in the business of creating and holding retail installment contracts. The term does not include the pledgee of an aggregate number of such contracts to secure a bona fide loan thereon.

(h) "Cash Sale Price" means the price at which the seller would in good faith sell to the buyer, and the buyer would in good faith buy from the seller, the motor vehicle which is the subject matter of the retail installment contract, if such sale were a sale for cash, instead of a retail installment sale. The cash sale price may include any taxes, charges for delivery, servicing, repairing or improving the motor vehicle, including accessories and their installation, and any other charges agreed upon between the parties.

(i) "Time Sale Price" means the amount which the buyer contracts to pay under a retail installment contract.

(j) "Time Price Differential" means the amount by which the seller's total time sale price exceeds the aggregate of the cash sale price, the cost of any insurance and other benefits included in the retail installment contract and any other permissible cost or expense incidental to the retail installment sale.

(k) "Administrator" means the commissioner of banks of the State of Minnesota.

(l) Words in the singular include the plural and vice versa.

Sec. 2. [168.67] Sales finance companies, licenses.

(a) No person shall engage in the business of a sales finance company in this state without a license therefor as provided in this act; provided, however, that no bank, trust company or national bank authorized to do business in this state shall be required to obtain a license under this act.

(b) The application for such license shall be in writing, under oath and in the form prescribed by the administrator. The application shall contain the name of the applicant; date of incorporation, if incorporated; the address where the business is or is to be conducted and similar information as to any branch office of the applicant; the name and resident address of the owner or partners, or, if a corporation or association, of the directors, trustees and principal officers, and such other pertinent information as the administrator may require.

(c) The license fee for each calendar year or part thereof shall be the sum of \$100 for the principal place of business of the licensee, and the sum of \$50 for each branch of the licensee, maintained in this state. All license fees received by the administrator under this act shall be paid over by him to the state treasurer.

(d) Each license shall specify the location of the office or branch and must be conspicuously displayed there. In case such location be changed, the administrator shall endorse the change of location on the license without charge.

(e) Upon the filing of such application, and the payment of said fee, the administrator shall issue a license to the applicant to engage in the business of a sales finance company under and in accordance with the provisions of this act for a period which shall expire the last day of June next

following the date of its issuance. Such license shall not be transferable or assignable. No licensee shall transact any business provided for by this act under any other name.

Sec. 3. [168.68] Suspension or revocation of licenses.

(a) A license may be suspended or revoked by the administrator on the following grounds;

- (1) Material misstatement in application for license;
- (2) Intentional failure to comply with any provision of this act relating to retail installment contract;
- (3) Defrauding any retail buyer to the buyer's damage;
- (4) Fraudulent misrepresentation, circumvention or concealment by the licensee through whatever subterfuge or device of any of the material particulars or the nature thereof required to be stated or furnished to the retail buyer under this act.

(b) If a licensee is a firm, association or corporation, it shall be sufficient cause for the suspension or revocation of a license that any officer, director or trustee of a licensed firm, association or corporation, or any member of a licensed partnership, has so acted or failed to act as would be cause for suspending or revoking a license to such part [party] as an individual. Each licensee shall be responsible for the acts of any or all of his employees while acting as his agent, if such licensee after actual knowledge of his act retained the benefits, proceeds, profits or advantages accruing from said acts or otherwise ratified such acts.

(c) No license shall be suspended or revoked except after hearing thereon. The administrator shall give the licensee at least ten days' written notice, in the form of an order to show cause, of the time and place of such hearing by registered mail addressed to the principal place of business in this state of such licensee. The said notice shall contain the grounds of complaint against the licensee. Any order suspending or revoking such license shall recite the grounds upon which the same is based. The order shall be entered upon the records of the administrator and shall not be effective until after 30 days' written notice thereof given after such entry forwarded by registered mail to the licensee at such principal place of business. No revocation, suspension or surrender of any license shall impair or affect the obligation of any lawful retail installment contract acquired previously thereto by the licensee.

(d) Within 30 days after such service of notice of any order of suspension or revocation of a license, the licensee aggrieved may appeal from such order to the district court for the county in which the principal place of business of such licensee in this state is located, by service of a written notice of appeal upon the administrator, and filing the same with proof of such service with the clerk of the court to which the appeal is taken, within five days. The district court shall thereupon have jurisdiction over the appeal; and the same shall be entered upon the records of the court and tried according to the rules relating to the trial of civil actions in so far as the same are applicable. Upon service of such a notice of appeal upon him, the administrator shall forthwith file with the clerk of the district court to which the appeal is taken a certified copy of the order appealed from and of the order to show cause upon which the same was based; and unless otherwise ordered by the court the documents so filed shall frame the issues to be determined upon the appeal. The court shall determine, de novo, all questions, both of fact and of law, touching upon the legality and reasonableness of the determination of the administrator, and shall render such judgment as shall be lawful and just. Pending final judgment on such appeal, the order appealed from shall be stayed. Upon motion of the licensee or the administrator the appeal shall be tried ahead of all other actions pending before the court except criminal cases. Appeals to the supreme court may be taken as in other civil proceedings.

Sec. 4. [168.69] Complaints alleging violation. Any retail buyer having reason to believe that this act relating to his retail installment contract has been violated may file with the administrator a written complaint setting forth the details of such alleged violation and the administrator, upon receipt of such complaint, may inspect the pertinent books, records, letters and contracts of the licensee and of the retail seller involved, relating to such specific written complaint.

Sec. 5. [168.70] Testimonial powers of administration. The administrator shall have power to issue subpoenas to compel the attendance of witnesses and the production of documents, papers, books, records and other evidence before him in any matter over which he has jurisdiction, control or supervision pertaining to this act. The administrator shall have the power to administer oaths and affirmations to any person whose testimony is required.

If any person shall refuse to obey any such subpoena, or to give testimony, or to produce evidence as required thereby, any judge of any district court may, upon application and proof of such refusal, make an order for the issuance of a

subpoena, or subpoena duces tecum, for the witness to appear before the administrator and to give testimony, and to produce evidence as required thereby. Upon filing such order in the office of the clerk of such court the clerk shall issue a subpoena, as directed, under the seal of said court, requiring the person to whom it is directed to appear at the time and place therein designated.

If any person served with any such subpoena shall refuse to obey the same, or to give testimony or to produce evidence as required thereby, the administrator may report such refusal to the court, and the court shall thereupon enforce obedience to the subpoena in the manner provided by law for enforcing obedience to subpoenas of the court.

Sec. 6. [168.71] Retail installment contracts. (a)

(1) Every retail installment contract shall be in writing, shall contain all the agreements of the parties, shall be signed by the retail buyer and seller, and a copy thereof shall be furnished to such retail buyer at the time of the execution of the contract.

(2) No provisions for confession of judgment or power of attorney therefor contained in any retail installment contract or contained in a separate agreement relating thereto, shall be valid or enforceable.

(3) The holder of a retail installment contract may, if the contract so provides, collect a delinquency and collection charge on each installment in arrears for a period not less than ten days in an amount not in excess of five percent of each installment or \$5, whichever is the less. In addition to such delinquency and collection charge, the retail installment contract may provide for the payment of attorneys' fees not exceeding 15 percent of the amount due and payable under such contract where such contract is referred to an attorney not a salaried employee of the holder of the contract for the collection plus the court costs.

(4) Unless written notice has been given to the retail buyer of actual or intended assignment of a retail installment contract, payment thereunder or tender thereof made by the retail buyer to the last known holder of such contract shall be binding upon all subsequent holders or assignees.

(5) Upon written request from the retail buyer, the holder of the retail installment contract shall give or forward to the retail buyer a written statement of the dates and amounts of payments and the total amount unpaid under such contract. A retail buyer shall be given a written receipt for any payment when made in cash.

(b) The retail installment contract shall contain the following items:

(1) The cash sale price of the motor vehicle which is the subject matter of the retail installment contract;

(2) The amount of the retail buyer's down payment, whether made in money or goods, or partly in money or partly in goods;

(3) The difference between items one and two;

(4) The charge, if any, included in the transaction for any insurance and other benefits, specifying the types of coverage and benefits;

(5) Principal balance, which is the sum of item three and item four;

(6) The amount of the time price differential;

(7) The time balance payable by the retail buyer to the retail seller and the number of installment payments required and the amount of each installment expressed in dollars or percentages, and date of each payment necessary finally to pay the time balance which is the sum of item five and item six.

Provided, however, that said items one to seven inclusive need not be stated in the sequence or order set forth above and that additional items may be included which serve to explain the calculations involved in determining the stated time balance to be paid by the retail buyer.

(c) Every retail seller or sales finance company, if a charge for insurance on the motor vehicle is included in a retail installment contract shall within 30 days after execution of the retail installment contract send or cause to be sent to the retail buyer a policy or policies or certificate of insurance, which insurance shall be written by a company authorized to do business in this state, clearly setting forth the amount of the premium, the kind or kinds of insurance and the scope of the coverage and all the terms, exceptions, limitations, restrictions and conditions of the contract or contracts of the insurance. The buyer of a motor vehicle under a retail installment contract shall have the privilege of purchasing such insurance from an agent or broker of his own selection and selecting an insurance company mutually acceptable to the seller and the buyer; provided, however, that the inclusion of the cost of the insurance premium in the retail installment contract when the buyer selects the agent, broker or company, shall be optional with the seller.

(d) Any sales finance company hereunder may purchase or acquire from any retail seller any retail installment contract on such terms and conditions as may be mutually agreed upon between them. No filing of the assignment, no notice to the retail buyer of the assignment, and no requirement that the retail seller shall be deprived of dominion over the payments hereunder or the goods covered thereby if repossessed by the retail seller shall be necessary to the validity of a written assignment of a retail installment contract as against creditors, subsequent purchasers, pledgees, mortgages and lien claimants of the retail seller.

(e) An acknowledgement by the retail buyer of the delivery of any such copy or notice as required in subsection (a) of this section contained in the body of the statement or contract shall be conclusive proof of delivery in any action or proceeding by or against any assignee of a retail installment contract.

Sec. 7. [168.72] **Time price differential.** (a) The time price differential authorized by this act in a retail installment sale shall not exceed the following rates:

Class 1. Any motor vehicle designated by the manufacturer by a year model of the same or not more than one year prior to the year in which the sale is made—\$8 per \$100 per year.

Class 2. Any motor vehicle designated by the manufacturer by a year model of two or three years prior to the year in which the sale is made—\$11 per \$100 per year.

Class 3. Any motor vehicle not in Class 1 or Class 2—\$13 per \$100 per year plus a flat charge of \$3 for each such retail installment sale.

(b) Such time price differential shall be computed on the principal balance as determined under section 6 (b) of this act and shall be computed at the rate indicated on contracts payable in successive monthly installment payments substantially equal in amount extending for a period of one year. On contracts providing for installment payments extending for a period less than or greater than one year, the time price differential shall be computed proportionately.

(c) When a retail installment contract provides for unequal or irregular installment payments, the time price differential shall be at the effective rate provided in subsection (a) hereof, having due regard for the irregular schedule of payment.

(d) The time price differential shall be inclusive of all

charges incident to investigating and making the contract, and for the extension of the credit provided for in the contract and no fee, commission, expense or other charge whatsoever shall be taken, received, reserved or contracted for except as provided in this act.

Sec. 8. [168.73] Refund credits, allowance. Notwithstanding the provisions of any retail installment contract to the contrary, any retail buyer may pay in full at any time before maturity the debt of any retail installment contract and in so paying such debt shall receive a refund credit thereon for such anticipation of payments. The amount of such refund shall represent at least as great a proportion of the time price differential after first deducting from such time price differential an acquisition cost of \$15, as the sum of the periodic time balances after the month in which prepayment is made, bears to the sum of all the periodic time balances under the schedule of payments in the original contract.

Where the amount of the credit for anticipation of payment is less than \$1, no refund need be made.

Sec. 9. [168.74] Extension of schedules, payments. The holder of a retail installment contract, may, upon agreement with the retail buyer, extend the schedules due date, or defer the schedules payment of all or part of any installment payment or payments, or renew the balance of such contract. In any such case the holder may restate the amount of the installments and the time schedule therefore, and collect as a refinancing charge for such extension, deferment or renewal, a flat service fee not to exceed \$5 and a total additional charge not exceeding an amount equal to one percent per month simple interest on the respective descending balances computed from the date of such extension, deferment or renewal.

Sec. 10. [168.75] Violations. (a) Any person engaged in the business of a sales finance company in this state without a license therefor as provided in this act shall be guilty of a gross misdemeanor and punished by a fine not exceeding \$500, or by imprisonment for a period not to exceed one year, or by both such fine and imprisonment in the discretion of the court.

(b) In case of an intentional failure to comply with any provision of this act, the buyer shall have a right to recover from the person committing such violation, to set off or counterclaim in any action by such person to enforce such contract an amount as liquidating [liquidated] damages, the whole of the contract due and payable, plus reasonable attorney's fees.

(c) In case of a failure to comply with any provision

of this act, other than a willful failure, the buyer shall have a right to recover from the person committing such violation, to set off or counterclaim in any action by such person to enforce such contract an amount as liquidated damages equal to two times the time price differential, plus reasonable attorneys' fees.

Sec. 11. [168.76] **Severability clause.** If any provision of this act or the application thereof to any person or circumstances is held unconstitutional, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

Sec. 12. [168.77] **Citation of act.** This act may be cited as "The Motor Vehicles Retail Installment Sales Act."

Sec. 13. This act shall take effect July 1, 1957.

Approved April 1, 1957.

CHAPTER 267—H. F. No. 488

[Coded]

An act authorizing the Commissioner of Agriculture, Dairy and Food, to delegate certain of his duties.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. [17.013] **Delegation of powers to deputy commissioner.** The Commissioner of Agriculture, Dairy and Food may designate the deputy commissioner of Agriculture, Dairy and Food to act in his stead as a member, with all his rights and privileges therein, of any board, committee or commission that the commissioner is made a member of by law. The designation shall be filed with secretary of state.

Approved April 1, 1957.

CHAPTER 268—H. F. No. 562

An act relating to manslaughter; amending Minnesota Statutes 1953, Sections 619.15 and 619.18.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1953, Section 619.15, is amended to read: