

CHAPTER 261—S. F. No. 433

An act relating to small loans; amending Minnesota Statutes 1965, Sections 56.01; 56.12; 56.13, Subdivision 1; 56.14; 56.15, Subdivision 1; 56.16; and 56.18.

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

Section 1. Minnesota Statutes 1965, Section 56.01, is amended to read:

56.01 Small loans; amount; necessity of license. No person, copartnership, association, or corporation shall engage in the business of making loans of money, credit, goods, or things in action, in the amount or of the value of ~~\$600~~ \$900 or less, and charge, contract for, or receive on any such loan a greater rate of interest, discount, or consideration therefor than the lender would be permitted by law to charge if he were not a licensee hereunder, except as authorized by this chapter and without first obtaining a license from the commissioner of banks, hereinafter called the commissioner. The word "person," as used in this chapter, includes individuals, copartnerships, associations, and corporations, unless the context requires a different meaning.

Sec. 2. Minnesota Statutes 1965, Section 56.12, is amended to read:

56.12 Advertising; taking of security; place of business. No licensee or other person shall advertise, print, display, publish, distribute, or broadcast, or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, in any manner any statement or representation with regard to the rates, terms, or conditions for the lending of money, credit, goods, or things in action, in the amount or of the value of ~~\$600~~ \$900 or less, at a greater rate of charge than lenders not licensed hereunder would be permitted by law to make, which is false, misleading, or deceptive. The commissioner may order any licensee to desist from any conduct which he shall find to be a violation of the foregoing provisions.

The commissioner may require that rates of charge, if stated by a licensee, be stated fully and clearly in such manner as he may deem necessary to prevent misunderstanding thereof by prospective borrowers.

No licensee shall take a lien upon real estate as security for any loan made under this chapter, except such lien as is created by law upon the recording of a judgment.

No licensee shall conduct the business of making loans under

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this chapter within any office, room, or place of business in which any other business is solicited or engaged in, or in association or conjunction therewith, except as may be authorized, in writing, by the commissioner upon his finding that the character of the other business is such that the granting of such authority would not facilitate evasions of this chapter or of the rules and regulations lawfully made hereunder.

No licensee shall transact the business or make any loan provided for by this chapter under any other name or at any other place of business than that named in the license. No licensee shall take any confession of judgment or any power of attorney. No licensee shall take any note, promise to pay, or security that does not accurately disclose the actual amount of the loan, the time for which it is made, and the agreed rate of charge, nor any instrument in which blanks are left to be filled in after execution.

Sec. 3. Minnesota Statutes 1965, Section 56.13, Subdivision 1, is amended to read:

56.13 Limitation on loans; interest. Subdivision 1. Every licensee hereunder may lend any sum of money not to exceed ~~\$600~~ *\$900* in amount, and may contract for and receive thereon a charge at a rate not exceeding two and three quarters percent per month on that part of the unpaid principal balance of any loan not exceeding \$300 ~~and, one and one-half percent per month on that part of the unpaid principal balance of any loan in excess of \$300 but not exceeding \$600, one and one-quarter percent per month on any remainder of such unpaid principal balance;~~ provided, however, that not more than six months of accrued charges on the unpaid principal balance shall be included in any judgment entered on any loan made hereunder.

Sec. 4. Minnesota Statutes 1965, Section 56.14, is amended to read:

56.14 Duties of licensee. Every licensee shall:

Deliver to the borrower (or if there are two or more borrowers to one of them) at the time any loan is made a statement (upon which there shall be printed a copy of subdivisions 1 and 5 of section 56.13), showing in clear and distinct terms the amount and date of the loan contract, the schedule of installment payments or a description thereof, the nature of the security, if any, for the loan, the name and address of one of the borrowers and of the licensee, and the agreed rate of charge; and if charges are precomputed and added to the principal of the loan the statement shall also show the amount of the note and the principal amount of the loan and shall contain a

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copy of paragraph (a) of subdivision 4 of section 56.13. A copy of the loan contract may be delivered in lieu of a statement if it discloses the required information;

Give to the borrower a plain and complete receipt for all payments made on account of any loan wherein charges are computed and paid on unpaid principal balances for the time actually outstanding, at the time the payments are made, specifying the amount applied to charges and the amount, if any, applied to principal, and stating the unpaid principal balance, if any, of the loan; give to the borrower a receipt for all payments made in cash on account of any loan wherein precomputed charges have been added to the principal of the loan specifying the amount of the payment applied to principal and charges combined, the amount applied to default or extension charges, if any, and stating the unpaid balance, if any, of the precomputed loan contract;

Permit payment to be made in advance in any amount on any contract of loan at any time, but the licensee may apply such payment first to all charges in full at the agreed rate up to the date of the payment;

Upon repayment of the loan in full, mark indelibly every obligation and security, *other than a mortgage or security agreement which secures a new loan to the licensee*, signed by the borrower with the word "Paid" or "Canceled," and release any mortgage or security agreement which no longer secures a loan to the licensee, restore any pledge, and cancel and return any note, and any assignment given to the licensee *which does not secure a new loan to the licensee* within 20 days after such repayment;

Display prominently in each licensed place of business a full and accurate schedule, *to be approved by the commissioner*, of the charges to be made and the method of computing the same;

Show in the loan contract or statement of loan the rate or rates of charge on which the charge in the contract is based, expressed in terms of rate or rates per annum. Such rate expression shall be printed in at least 8 point type on the loan statement or copy of the loan contract given to the borrower.

Sec. 5. Minnesota Statutes 1965, Section 56.15, Subdivision 1, is amended to read:

56.15 Limitation on amount and insurance. Subdivision 1. No licensee shall, directly or indirectly, charge, contract for, or receive any interest, discount, or consideration greater than the lender would be permitted by law to charge if he were not a licensee here-

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under upon the loan, use or forbearance of money, goods, or things in action, or upon the loan, use or sale of credit, of the amount or value of more than ~~\$600~~ *\$900*. The foregoing prohibition shall also apply to any licensee who permits any person, as borrower, or otherwise, to owe, directly or contingently, or both, to the licensee at any time a sum of more than ~~\$600~~ *\$900* for principal.

Sec. 6. Minnesota Statutes 1965, Section 56.16, is amended to read:

56.16 Overages deemed interest. The payment of ~~\$600~~ *\$900* or less in money, credit, goods, or things in action, as consideration for any sale or assignment of, or order for, the payment of wages, salary, commissions, or other compensation for services, whether earned or to be earned, shall, for the purposes of regulation under this chapter, be deemed a loan secured by the assignment, and the amount by which the assigned compensation exceeds the amount of the consideration actually paid shall, for the purposes of regulation under this chapter, be deemed interest or charges upon the loan from the date of the payment to the date the compensation is payable. This transaction shall be governed by, and subject to, the provisions of this chapter.

Sec. 7. Minnesota Statutes 1965, Section 56.18, is amended to read:

56.18 Unlicensed persons not to make loans. No person, except as authorized in this chapter, shall, directly or indirectly, charge, contract for, or receive any interest, discount, or consideration greater than the lender would be permitted by law to charge if he were not a licensee hereunder upon the loan, use, or forbearance of money, goods, or things in action, or upon the loan, use, or sale of credit of the amount or value of ~~\$600~~ *\$900* or less.

The foregoing prohibition shall apply to any person who, by any device, subterfuge, or pretense, shall charge, contract for, or receive greater interest, consideration, or charges than is authorized by this chapter for any such loan, use or forbearance of money, goods, or things in action, or for any such loan, use or sale of credit.

No loan of the amount or value of ~~\$600~~ *\$900* or less for which a greater rate of interest, consideration, or charges than is permitted by this chapter has been charged, contracted for, or received, whenever made, shall be enforced in this state, and every person in anywise participating therein in this state shall be subject to the provisions of this chapter, provided, that the foregoing shall not apply to loans legally made in any state which then has in effect a regulatory small loan law similar in principle to this chapter.

Changes or additions indicated by *italics*, deletions by ~~strikeout~~.

Sec. 8. *This act becomes effective June 1, 1967.*

Approved May 1, 1967.

CHAPTER 262—S. F. No. 712

[Coded]

An act relating to highway traffic regulations, the issuance of permits for oversize and overweight vehicles, and authorizing a fee for the issuance of such permits; amending Minnesota Statutes 1965, Section 169.86, by adding a new subdivision.

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

Section 1. Minnesota Statutes 1965, Section 169.86, is amended by adding a new subdivision to read:

*Subd. 5. **Highways; special use permits; fees.** To cover administrative costs in issuing such permits, the commissioner, with respect to highways under his jurisdiction, may charge a fee of \$5 for each such permit issued, except a seasonal transportation permit to contractors who move their own construction machinery and equipment for their own use, the fee for which seasonal permit shall be \$25. All such fees for permits issued by the commissioner of highways shall be deposited in the state treasury and credited to the trunk highway fund.*

Approved May 1, 1967.

CHAPTER 263—S. F. No. 1031

An act relating to game and fish; authorizing the commissioner by order to set the seasons for the taking of trout; amending Minnesota Statutes 1965, Section 101.41, Subdivision 2.

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

Section 1. Minnesota Statutes 1965, Section 101.41, Subdivision 2, is amended to read:

*Subd. 2. **Trout; season.** Except as otherwise provided, the following fish may be taken only by angling with a single line, trans-*

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