

section 352.22, subdivision 3, and acts amendatory thereof, on the basis of allowable service prior to termination of state service- and augmented as provided herein. The required reserves applicable to a deferred annuity or to any deferred segment of an annuity shall be augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose shall be one percent less than the interest assumptions which were in effect during the period for which interest is compounded. If a person has more than one period of uninterrupted service, the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the present value of the annuity. Uninterrupted service for the purpose of this subdivision shall mean periods of covered employment during which the employee has not been separated from state service for more than two years. If a person repays a refundment, the service restored by such repayment shall be considered as continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service shall be those as would be applicable to a new employee. The mortality table and interest assumption used to compute such annuity shall be those in effect at the time the employee files application for annuity. This section shall not reduce the annuity otherwise payable under this chapter.

Sec. 4. Minnesota Statutes 1969, Section 352.72, Subdivision 3, is repealed.

Approved May 14, 1971.

CHAPTER 275—S.F.No.1395

[Coded]

An act regulating consumer transactions; placing limitations on agreements and practices; and providing remedies.

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

Section 1. [325.94] **CONSUMER CREDIT SALES; DEFINITIONS.** Subdivision 1. As used in this act, the following terms shall have the meanings assigned to them.

Subd. 2. "Consumer credit sale" means a sale of goods or services in which

Changes or additions indicated by underline, deletions by ~~strikeout~~.

(a) credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind;

(b) the buyer is a natural person; and

(c) the goods or services are purchased primarily for a personal, family or household purpose, and not for commercial, agricultural, or business purpose.

Subd. 3. "Goods" means all tangible personal chattels, but not including money, things in action or intangible personal property other than merchandise certificates or coupons as herein described. The term includes such chattels which are furnished or used, at the time of sale or subsequently, in the modernization, rehabilitation, repair, alteration, improvement or construction of real property so as to become a part thereof whether or not severable therefrom. The term also includes merchandise certificates or coupons, issued by a retail seller, not redeemable in cash and to be used in their face amount in lieu of cash, in exchange for goods or services sold by such seller.

Subd. 4. "Services" means work, labor, or services of any kind.

Subd. 5. "Sale of goods" includes, without limitation, any agreement in the form of a bailment or lease of goods if the bailee or lessee agrees to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the goods involved and it is agreed that the bailee or lessee will become, or for no other or a nominal consideration has the option to become, the owner of the goods upon full compliance with his obligations under the agreement.

Sec. 2. [325.941] **RESTRICTIONS.** Subdivision 1. **INSTRUMENTS.** In a consumer credit sale, the seller or lessor may not take a negotiable instrument other than a check as evidence of the obligation of the buyer or lessee. A holder is not in good faith if he takes a negotiable instrument with notice that it is issued in violation of this section.

Subd. 2. **PROVISION RETRICTIONS.** No contract or obligation relating to a consumer credit sale shall contain any provision by which:

(a) The consumer agrees not to assert against an assignee any claim or defense arising out of the transaction;

(b) In the absence of consumer's default, the holder may arbitrarily and without reasonable cause, accelerate the maturity of any part or all of the amount owing thereunder;

(c) A power of attorney is given to confess judgment in this state, or an assignment of wages is given;

Changes or additions indicated by underline, deletions by ~~strikeout~~.

(d) The seller or holder of the contract or obligation, or a person acting on his behalf, is given authority to enter upon the consumer's premises unlawfully or to commit any breach of the peace in the repossession of the goods;

(e) The consumer waives any right of action against the seller or holder of the contract or obligation, or any other person acting on his behalf, for any illegal act committed in the collection of payments under the contract or obligation or in the repossession of goods;

(f) The consumer relieves the seller from any liability for any legal remedy which the consumer may have against the seller under the contract or obligation or any separate instrument executed in connection therewith.

Subd. 3. **CLAIMS AND DEFENSES.** Any assignee of the contract or obligation relating to the consumer credit sale shall be subject to all claims and defenses of the consumer against the seller arising from the sale, notwithstanding any agreement to the contrary. Provided, however, that the assignee's liability under this subdivision shall not exceed the amount owing to the assignee at the time the claim or defense is asserted against the assignee. The rights of the consumer under this subdivision can only be asserted as a matter of defense to or set off against a claim by the assignee.

Sec. 3. This act shall be effective as to any consumer credit sale entered into on or after July 1, 1971.

Approved May 14, 1971.

CHAPTER 276—S.F.No.1593

An act relating to the powers of the commissioner of highways; the relinquishment of highway easements; amending Minnesota Statutes 1969, Section 161.43.

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

Section 1. Minnesota Statutes 1969, Section 161.43, is amended to read:

161.43 HIGHWAYS; RELINQUISHMENT OF HIGHWAY EASEMENTS. The governor, in behalf of the state and upon recommendation of the commissioner of highways, may relinquish

Changes or additions indicated by underline, deletions by ~~strikeout~~.