

Rapids, and upon compliance with Minnesota Statutes, Section 645.021.

Approved April 27, 1973.

CHAPTER 126—H.F.No.420

[Coded]

An act relating to savings banks; authorizing and regulating the making of consumer installment loans.

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

Section 1. **[50.161] SAVINGS BANKS; INSTALLMENT LOANS; INTEREST IN ADVANCE.** Any savings bank organized and operated pursuant to Minnesota Statutes, Chapter 50 may make a consumer loan to any natural person in an amount not exceeding \$5,000 repayable in installments, and may make a charge for such loan computed at a rate not exceeding six percent per annum upon the total amount of the loan from the date thereof until the stated maturity date of the final installment thereof, which shall not exceed five years and 32 days from the date of the loan, notwithstanding that such loan is required to be repaid in installments or that the loan is secured by mortgage, pledge, or other collateral or by a deposit account opened concurrently with the making of the loan and assigned as collateral security therefor, which deposit account may evidence deposits made or required to be made periodically, with or without interest, throughout the term of said loan. If the charge so computed shall be less than \$5, the amount so charged may nevertheless be \$5. Any charge authorized by this act may be included in the principal amount of the note or other instrument evidencing said loan and the aggregate amount thereof be payable in installments. .

Sec. 2. **[50.162] PREPAYMENT; REFUND; LIMITATION.** The borrower may repay the entire balance of such a loan at any time, and upon such prepayment the borrower shall be entitled to a refund, computed at the rate at which the original charge was computed, upon the amount so prepaid from the date of such prepayment to the stated maturity date of the final installment; provided, that in any event the lender may retain at least \$5 of the original charge.

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

Sec. 3. [50.163] **ALLOWABLE ADDITIONAL CHARGES.** No charge other than those provided for in sections 1 and 2 shall be made directly or indirectly for any such loan except that there may be charged to the borrower:

(a) In case of default, to collect a delinquency and collection charge on each installment in arrears for a period of not less than ten days in an amount not in excess of five percent of the unpaid amount of each installment or \$5, whichever is less. A delinquency charge may be collected only once on an installment however long it remains in default. No delinquency charge may be collected on an installment which is paid in full within 10 days after its scheduled installment due date even though an earlier maturing installment or a delinquency charge on an earlier installment may not have been paid in full. For purposes of this paragraph payments are applied first to current installments and then to delinquent installments;

(b) Any lawful fees paid or to be paid by the lender for any abstract or to any public officer for filing, recording, or releasing in any public office or for acknowledging any instrument securing the loan;

(c) Any lawful premium or charge for insurance protecting the lender against the risk of loss from not filing or recording a security agreement or financing statement and in lieu of filing thereof. Such premium or charge shall not exceed the actual premium or charge made by the insurance company to the lender and in no event in excess of the costs if the document were actually filed, recorded, or released in any public office;

(d) The premium on any life, property or other insurance taken as security for the loan; provided, that the borrower may himself, at his own cost, procure and deposit with the lender any such insurance if written by a responsible company. Such premium may be included as part of the loan.

Sec. 4. [50.164] **LOAN DUE ON DEFAULT.** Nothing in this act shall prohibit the lender from declaring the whole of such loan immediately due and payable upon default if the loan agreement shall so provide.

Sec. 5. [50.165] **COPY OF NOTE TO BORROWER.** At the time of making an installment loan under the provisions of this act, the borrower shall be furnished a copy of the note that he signed and also a copy or statement of all charges made by the bank on such loan.

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