

Sec. 3. Minnesota Statutes 1974, Section 435.193, is amended to read:

435.193 SENIOR CITIZENS HARDSHIP SPECIAL ASSESSMENT DEFERRAL. Notwithstanding the provisions of any law to the contrary, any county, city, or town, making a special assessment may, at its discretion, defer the payment of that assessment for any homestead property owned by a person 65 years of age or older for whom it would be a hardship to make the payments. Any county, city, or town electing to defer special assessments shall adopt an ordinance or resolution establishing standards and guidelines for determining the existence of a hardship, but nothing herein shall be construed to prohibit the determination of hardship on the basis of exceptional and unusual circumstances not covered by the standards and guidelines where the determination is made in a nondiscriminatory manner and does not give the applicant an unreasonable preference or advantage over other applicants.

Sec. 4. Minnesota Statutes 1974, Section 435.194, is amended to read:

435.194 PROCEDURE TO OBTAIN DEFERRED ASSESSMENT. The homeowner shall make application for deferred payment of special assessments on forms prescribed by the county ~~assessor-auditor~~ of the county in which the homestead is located. Where the deferred assessment is granted, the ~~assessor-auditor~~ shall record a notice thereof with the register of deeds of said county which shall set forth the amount of the assessment. The taxing authority may determine by ordinance or resolution the amount of interest, if any, on the deferred assessment and this rate shall be recorded by the ~~assessor-auditor~~ along with and in the same manner as the amount of the assessment.

Sec. 5. This act is effective on the day following its final enactment but shall not affect any improvement or assessment proceeding commenced prior to its effective date.

Approved April 8, 1976.

CHAPTER 196—H.F.No.404

[Coded in Part]

An act relating to financial institutions; allowing loans guaranteed by certain federal authorities; providing for certain installment loans and open end loan accounts; establishing certain recordkeeping and reserve requirements; providing certain remedies; amending Minnesota Statutes 1974, Sections 47.20; 48.153; 48.154; 48.155; 48.22; and 51A.19, Subdivision 4; and Chapter 48, by adding a section; repealing Minnesota Statutes 1974, Sections 50.161 to 50.165.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MIN-

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NESOTA:

Section 1. Minnesota Statutes 1974, Section 47.20, is amended to read:

47.20 FINANCIAL INSTITUTIONS; LOANS AND RECORDS; USE OF FEDERAL ACTS. Pursuant to such regulations as the commissioner of banks finds to be necessary and proper, if any, banks, savings banks, mutual savings banks, building and loan associations, and savings and loan associations organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other banking institutions subject to the supervision of the commissioner of banks, and mortgagees or lenders approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs, are authorized:

(1) To make such loans and advances of credit and purchases of obligations representing loans and advances of credit as are insured or guaranteed by the secretary of housing and urban development pursuant to the national housing act, as amended, or the administrator of veterans affairs pursuant to the servicemen's readjustment act of 1944, as amended, and to obtain such insurance or guarantees ;

(2) To make such loans secured by mortgages on real property which the secretary of housing and urban development or the administrator of veterans affairs has insured or guaranteed or made a commitment to insure or guarantee , and to obtain such insurance or guarantees .

Sec. 2. Minnesota Statutes 1974, Section 48.153, is amended to read:

48.153 INSTALLMENT LOANS, FINANCE CHARGES, MINIMUM CHARGES. ~~Any bank organized under the laws of this state; or any national banking association doing business in the state; making any loan of money not exceeding \$25,000 repayable in installments; 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 12 years and thirty two 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 computed on any installment loan, single payment or demand loan shall be less than \$10, the amount so charged may nevertheless be \$10. Any charge authorized by sections 48.153 to 48.157 may be included in the principal amount of the note or other instrument evidencing said loan and the aggregate amount thereof be pay-~~

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able in installments. Any bank organized under the laws of this state, or any national banking association doing business in this state, making any loan of money not exceeding \$25,000 repayable in installments, may make a finance charge for such loan to be computed at a rate which does not exceed 12 percent per annum upon the unpaid principal balance of the amount financed. Installment payments shall not extend beyond a period of 12 years and 32 days from the date of the loan. The loan may be secured by a mortgage, pledge, or other collateral. Any savings bank organized pursuant to Minnesota Statutes, Chapter 50, and having its principal place of business in this state, may make a loan for consumer purposes to any natural person in an amount not exceeding \$7,500 repayable in installments, and may make a finance charge for the loan to be computed at a rate not exceeding 12 percent per annum on the unpaid principal balance of the amount financed. Installment payments shall not extend beyond a period of five years and 32 days from the date of the loan. The loan may be secured by a mortgage, pledge or other collateral. Charges in reference to installment loans under this section shall be computed and collected only on the unpaid principal balance of the amount financed actually outstanding. One day's finance charge shall mean an amount equal to 1/365 of the per annum rate provided for in an installment loan. If the total finance charge determined on an installment loan, single payment or demand loan shall be less than \$10 the amount charged may nevertheless be \$10.

Sec. 3. Minnesota Statutes 1974, Section 48.154, is amended to read:

48.154 PREPAYMENT, EXTENSION OF TERMS. 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. The borrower may repay the entire balance or any portion of the balance of an installment loan in advance without penalty. An installment loan contract may provide that the parties, before or after default, may agree in writing to an extension of all or part of the unpaid installments and collect as an extension fee a finance charge not exceeding that rate agreed to in the original loan contract. No such extension shall be permitted to cause repayment of a loan to exceed those maturities set down in section 48.153. One day's finance charge shall mean an amount equal to 1/365 of the per annum rate provided for in an installment loan.

Sec. 4. Minnesota Statutes 1974, Section 48.155, is amended to read:

48.155 ALLOWABLE ADDITIONAL CHARGES. No charge other than those provided for in sections 48.153 and 48.154 shall be made directly or indirectly for any such installment loan except that there may

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be charged to the borrower or included in the amount financed :

(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)~~ (a) 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)~~ (b) 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)~~ (c) The premium on any life, property or other insurance taken as security for the loan; provided, that the borrower has acknowledged by his signature that he has been notified in writing that he 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. 5. Minnesota Statutes 1974, Chapter 48, is amended by adding a section to read:

[48.185] OPEN END LOAN ACCOUNT ARRANGEMENTS. Subdivision 1. Any bank organized under the laws of this state, any national banking association doing business in this state, and any savings bank organized and operated pursuant to Minnesota Statutes, Chapter 50, may extend credit through an open end loan account arrangement with a debtor, pursuant to which the debtor may obtain loans from time to time by cash advances, purchase or satisfaction of the obligations of the debtor incurred pursuant to a credit card plan, or otherwise under a credit card or overdraft checking plan.

Subd. 2. No bank shall extend credit which would cause the total outstanding balance of the debtor on accounts created pursuant to the authority of this section to exceed \$7,500. No savings bank shall extend credit which would cause the outstanding balance of the debtor to exceed \$5,000, nor shall it extend such credit for any purposes other

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than personal, family or household purposes, nor shall it extend such credit to any person other than a natural person.

Subd. 3. A bank or savings bank may collect a periodic rate of finance charge in connection with extensions of credit pursuant to this section, which rate does not exceed one percent per month computed on an amount no greater than the average daily balance of the account during each monthly billing cycle. If the billing cycle is other than monthly, the maximum finance charge for that billing cycle shall be that percentage which bears the same relation to one percent as the number of days in the billing cycle bears to 30.

Subd. 4. No charges other than those provided for in subdivision 3 shall be made directly or indirectly for any credit extended under the authority of this section, except that there may be charged to the debtor:

(a) Annual charges, not to exceed \$15 per annum, payable in advance, for the privilege of using a bank credit card which entitled the debtor to purchase goods or services from merchants, under an arrangement pursuant to which the debts resulting from the purchases are paid or satisfied by the bank or savings bank and charged to the debtor's open end loan account with the bank or savings bank;

(b) Charges for premiums on credit life and credit accident and health insurance if:

(1) The insurance is not required by the bank or savings bank and this fact is clearly disclosed in writing to the debtor; and

(2) The debtor is notified in writing of the cost of the insurance and affirmatively elects, in writing, to purchase the insurance.

Subd. 5. If the balance in a revolving loan account under a credit card plan is attributable solely to purchases of goods or services charged to the account during one billing cycle, and the account is paid in full before the due date of the first statement issued after the end of that billing cycle, no finance charge shall be charged on that balance.

Subd. 6. This section shall apply to all open end credit transactions of a bank or savings bank in extending credit under an open end loan account or other open end credit arrangement to persons who are residents of this state, if the bank or savings bank induces such persons to enter into such arrangements by a continuous and systematic solicitation either personally or by an agent or by mail, and retail merchants and banks or savings banks within this state are contractually bound to honor credit cards issued by the bank or savings bank, and the goods, services and loans are delivered or furnished in this state and payment is made from this state. A term of a writing or credit card device executed or signed by a person to evidence an open end credit arrangement specifying:

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(a) that the law of another state shall apply;

(b) that the person consents to the jurisdiction of another state;
and

(c) which fixes venue;

is invalid with respect to open end credit transactions to which this section applies. An open end credit arrangement made in another state with a person who was a resident of that state when the open end credit arrangement was made is valid and enforceable in this state according to its terms to the extent that it is valid and enforceable under the laws of the state applicable to the transaction.

Subd. 7. Any bank or savings bank extending credit in compliance with the provisions of this section, which is injured competitively by violations of this section by another bank or savings bank, may institute a civil action in the district court of this state against that bank or savings bank for an injunction prohibiting any violation of this section. The court, upon proper proof that the defendant has engaged in any practice in violation of this section, may enjoin the future commission of that practice. Proof of monetary damage or loss of profits shall not be required. Costs and attorneys' fees may be allowed to the plaintiff, unless the court directs otherwise. The relief provided in this subdivision is in addition to remedies otherwise available against the same conduct under the common law or statutes of this state.

Service of process shall be as in any other civil suit, except that if a defendant in the action is a foreign corporation or a national banking association with its principal place of business in another state, service of process may also be made by personal service outside the state, or in the manner provided by Minnesota Statutes, Section 303.13, Subdivision 1, Clause (3), or in such manner as the court may direct. Process is valid if it satisfies the requirements of due process of law, whether or not defendant is doing business in Minnesota regularly or habitually.

Sec. 6. Minnesota Statutes 1974, Section 48.22, is amended to read:

48.22 CASH RESERVES. Subdivision 1. **REQUIREMENTS.** ~~A~~
state bank or trust company shall always keep a reserve equal to ~~12-~~
seven percent of its demandable liabilities and ~~three-two~~ percent of its
time deposits; which shall be in cash, cash items in process of collection
and balances due on demand from solvent banks in the United
States or its territories. No bank or trust company shall act as reserve
agent for another without the approval of the commissioner if its capital
and surplus are less than \$100,000. When its reserve shall become
impaired, it shall make no new loans or discounts except upon sight
bills of exchange, nor declare any dividend until the same has been
fully restored.

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Subd. 2. **FAILURE TO MEET REQUIREMENTS.** If on any one day, ~~such a state bank or trust company's~~ reserve shall not meet requirements, it shall not constitute a violation for the purposes of section 48.22 provided that the average reserve for each biweekly period ending on the last business day of alternate calendar weeks and to include the actual number of such business days, shall equal or exceed minimum requirements as provided in subdivisions 1 and 3. The cash reserves of each bank or trust company shall be the amount available at the end of the day for which such reserve is maintained. The amount of the reserve required ~~for such day under subdivision 1~~ shall be based upon the total deposits at the close of the previous business day. By appropriate action of the board of directors at any meeting, a bank or trust company, with subsequent 30 days notice to the commissioner as to the effective date, may exercise the option of adopting a biweekly period for the purpose of this subdivision which will end on Wednesday of alternate calendar weeks. At such a meeting and with the previous approval of the commissioner, a bank or trust company may establish a biweekly period other than provided herein and with such effective date as the commissioner may prescribe. For each such biweekly period in which the average reserve shall become deficient, such bank or trust company shall pay a fine of \$50 or an amount equivalent to ~~eight~~ 12 percent per annum based on the average deficiency for such period, whichever is greater. Such fine shall be payable to the commissioner on his making a request for payment.

Subd. 3. **STATE BANKS, CHANGE IN REQUIREMENTS.** Whenever the commissioner of banks shall determine that the maintenance of sound banking practices or the prevention of injurious credit expansion or contraction makes action advisable, he may ~~make an order changing the~~ by directive change his requirements as to reserves against demand or time deposits, or both, in state banks or trust companies which are not members of the Federal Reserve System. The reserve requirements established in any such ~~order directive~~ shall not be less than the requirements contained in subdivision 1, nor more than those required of member banks of the Federal Reserve System on the date that the ~~order directive~~ is ~~made issued~~ by the commissioner unless these reserve requirements are less than those contained in subdivision 1.

Subd. 4. **FEDERAL RESERVE BANK MEMBERS EXEMPT.** Any state bank or trust company which is a member of a federal reserve bank ~~shall maintain and maintains~~ such reserves with such federal reserve bank as are required by or pursuant to the federal reserve act ~~and so long as it complies with the requirements of such federal reserve act with reference to reserves~~ shall be exempt from the ~~preceding~~ provisions relating to reserve requirements.

Subd. 5. **SAVINGS CERTIFICATES, WHEN DEMANDABLE.** Savings certificates issued by state banks and trust companies on the basis of being renewed on an optional basis for a period of not to exceed ten days shall not be considered as demandable liabilities during

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such option periods for the purposes of this section.

Subd. 6. **INVESTMENT IN SHORT TERM FEDERAL OBLIGATIONS.** Not more than 30 percent of a ~~bank's~~ state bank or trust company's reserves may be invested in direct obligations of the United States Treasury which mature within one year from the date such obligations are first considered as a part of the ~~bank's~~ bank or trust company's reserve. Obligations which constitute reserves shall be segregated on the books and records of the bank or trust company as required by directive of the commissioner of banks. Obligations which constitute reserves shall not be used to secure any municipal deposits or as collateral for any purpose while held as a part of the reserves required by this section. Reserves of a state bank or trust company shall not be invested in obligations of agencies of the United States.

Sec. 7. Minnesota Statutes 1974, Section 51A.19, Subdivision 4, is amended to read:

Subd. 4. **BOOKS TO BE CLOSED AT LEAST ANNUALLY.** Every association shall close its books at the close of business on ~~June 30 and~~ December 31 of each year, or more often ~~if authorized for all associations by the commissioner~~ if desired by the association .

Sec. 8. Minnesota Statutes 1974, Sections 50.161, 50.162, 50.163, 50.164, and 50.165 are repealed.

Sec. 9. **EFFECTIVE DATES.** This section and sections 1 and 5 are effective the day following their final enactment. The remaining provisions of this act are effective July 1, 1976.

Approved April 8, 1976.

CHAPTER 197—H.F.No.447

An act relating to real estate brokers and salespersons; authorizing establishment of special licenses applicable solely to the rental or management of real estate; exempting corporate officers from certain licensing requirements; amending Minnesota Statutes 1974, Section 82.20, Subdivisions 1 and 13; and Minnesota Statutes, 1975 Supplement, Sections 82.18; and 82.22, Subdivision 6.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes, 1975 Supplement, Section 82.18, is amended to read:

82.18 REAL ESTATE BROKERS; RENTAL AND MANAGEMENT LICENSE. Unless a person is licensed or otherwise required to be licensed under this chapter, the term real estate broker does not include:

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