

assist the council in carrying out its duties under sections 3 and 4 of this act.

Sec. 6. Minnesota Statutes 1974, Section 15.50, Subdivision 3, is amended to read:

Subd. 3. The administrative and planning expenses of the commission shall be borne by the state. The expenses of the commission for competition premiums, land acquisition or improvement or any other capital expenditures in or upon properties owned or to be owned by the state shall be borne by the state. The expenses of any other public body for such expenditures shall be borne by the body concerned. The city of Saint Paul ~~shall hold~~may expend moneys currently in the city of Saint Paul Capitol Approach Improvement Fund established by Laws 1945, Chapter 315, and acts amendatory thereof ~~until such time as the legislature may require the commission to request these funds for planning and development purposes in the capitol area. Upon such request by the commission, the city shall expend such funds in the manner and for the purposes specified by the request for capital improvements contained in the city's approved capital improvement budget. The budget is to be adopted in accordance with the provisions contained in the city charter.~~.

Sec. 7. Laws 1971, Chapter 773, Section 1, Subdivision 2, as amended by Laws 1974, Chapter 351, Section 5, is repealed.

Sec. 8. This act shall become effective only after its approval by a majority of the governing body of the city of St. Paul and upon compliance with the provisions of Minnesota Statutes, Section 645.021.

Approved April 9, 1976.

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## CHAPTER 235—HF.No.1828

[Coded in Part]

*An act relating to industrial loan and thrift companies; requiring approval of name by commissioner of banks; regulating renewals of loans and refunds of interest or discounts; amending Minnesota Statutes 1974, Sections 53.03, by adding a subdivision; and 53.07; and Minnesota Statutes, 1975 Supplement, Sections 53.04; and 53.05.*

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

Section 1. Minnesota Statutes 1974, Section 53.03, is amended by adding a subdivision to read:

Subd. 2a. INDUSTRIAL LOAN AND THRIFT COMPANIES; SELECTION OF NAME, CHANGE OF NAME. Before filing the certificate

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of incorporation or an amendment to it the proposed name of the industrial loan and thrift company shall be submitted to the commissioner who shall compare it with those of other corporations operating in the state. If it is likely to be mistaken for any of them, or to confuse the public as to the character of its business, or is otherwise objectionable, additional names shall be submitted. When a satisfactory name is selected, the commissioner shall give written approval of it and issue an amended certificate of authorization.

Sec. 2. Minnesota Statutes, 1975 Supplement, Section 53.04, is amended to read:

**53.04 SPECIAL POWERS.** Subdivision 1. GENERAL. Industrial loan and thrift companies, in addition to the general and usual powers incidental to ordinary corporations in this state, which are not specifically restricted in this chapter, shall have the following special powers enumerated in subdivisions 2 to 6, which powers must be set forth in their articles of incorporation or amendments thereto :

(1) Subd. 2. DISCOUNTS; PURCHASES. The right to discount or purchase notes, bills of exchange, acceptances or other choses in action ;

(2) Subd. 3. LOANS. The right to loan money upon the security of co-makers, personal chattels or other property, exclusive of real estate, for a period not to exceed 60 months; to deduct in advance interest on such loans for the full period of such loans at a rate not in excess of eight percent discount per annum for loans which provide for a repayment period not exceeding 36 months; seven and three-fourths percent discount per annum for loans which provide for a repayment period exceeding 36 months but not exceeding 42 months; seven and one-half percent discount per annum for loans which provide for a repayment period exceeding 42 months but not exceeding 48 months; seven and one-fourth percent discount per annum for loans which provide for a repayment period exceeding 48 months but not exceeding 54 months; seven percent discount per annum for loans which provide for a repayment period exceeding 54 months but not exceeding 60 months; to require as a condition to the making of such a loan that the borrower purchase and pledge with the company, as security for the loan, a certificate of indebtedness of the company in the same amount as the loan secured thereby, providing for payments in equal weekly, bi-weekly, or monthly installments, with or without interest, extending over substantially the period of the loan, payments thereon not to be construed as payments on the loan secured thereby; to charge for a loan exceeding \$50 made pursuant to this subdivision, \$1 for each \$50, or fraction thereof, loaned, for expenses, including any examination or investigation of the character and circumstances of the borrower, co-maker or security, and drawing and taking the acknowledgment of necessary papers, filing fees, or other expenses incurred in making the loan; provided, that no such charge shall be made on that portion of a loan in excess of \$2,000 and no such charge shall be collected unless a loan

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shall have been made. The full amount of the investigation charge authorized by this section shall be fully earned at the time a loan is made without regard to the expenses incurred and shall not be deemed interest, provided, however, if a loan for which an investigation charge was made is renewed within twelve months from the date of the loan, then one-twelfth of such investigation charge shall be deemed earned for each month or portion thereof from the date of the loan to the date of renewal, and the balance thereof shall be refunded to the borrower. A loan shall be deemed to be renewed at the time the loan is paid in full if any part of such payment is made out of the proceeds of another loan from the same or an affiliated lender. The borrower may repay the entire balance of such loan at any time before maturity and upon such prepayment the industrial loan and thrift company shall forthwith refund to the borrower a portion of the interest or discount. The amount of such refund shall represent at least as great a proportion of the total interest or discount as the sum of the periodical time balances after the date of prepayment bears to the sum of all the periodical time balances under the schedule of payments in the original loan contract. When that portion of the interest or discount required to be refunded to the borrower amounts to less than \$1 no refund need be made.

For the purpose of calculating such refunds, the commissioner of banks shall furnish a chart giving effect hereto for the use of such companies, which chart shall be followed in calculating refunds ;

(3) Subd. 4. HANDLING CHARGES. To impose a handling charge of five cents for each default in the payment of \$1, or fraction thereof, at the time any periodical installment on a certificate of indebtedness assigned as collateral security for the payment of a loan made pursuant to the foregoing provisions becomes past due for ten days or more; provided, that this handling charge may be collected only once on an installment however long it remains in default; and that the handling charge on any installment shall not exceed \$5. Such handling charge may be collected when due or at any time thereafter; for the purpose of this paragraph, payments shall be applied first to the immediately preceding installment due and then to prior delinquent installments.

(4) Subd. 5. CERTIFICATES OF INDEBTEDNESS. The right, with the consent of the department of commerce, to sell and issue for investment or to be pledged as security for a loan made contemporaneously therewith or otherwise, certificates of indebtedness, under any descriptive name, which may bear such interest, if any, as their terms may provide, and which may require the payment to the company of such amounts, from time to time as their terms may provide, and permit the withdrawal of amounts paid upon the same, in whole or in part, from time to time, and the credit of amounts thereon upon such conditions as may be set forth therein; and no such certificate of indebtedness shall have a surrender value which is less than the total amount paid to the company therefor ; and ;

(6) **Subd. 6. SURRENDER OF CERTIFICATE.** Upon the maturity of a note, the borrower may, at his option, surrender the certificate of indebtedness pledged to secure the same, in which event the amounts, if any, paid on the certificate of indebtedness, less such handling charges as are authorized by this chapter, shall be applied to reduce the balance owing on the note.

Sec. 3. Minnesota Statutes, 1975 Supplement, Section 53.05, is amended to read:

**53.05 POWERS, LIMITATION.** No industrial loan and thrift company shall have power to do any of the following:

(1) To carry commercial or demand banking accounts; to use the word "bank" or "banking" in its corporate name; to receive savings accounts or deposits or operate as a savings bank;

(2) To have outstanding at any one time certificates of indebtedness, exclusive of those held by the company, as security for loans made by it of more than seven times the sum of the contributed capital and appropriated reserves of the company;

(3) To lend money in excess of ten percent of its contributed capital and appropriated reserves to any person primarily liable; provided, however, if a loan has been made to any one person primarily liable and payments have been made on the certificate of indebtedness securing it, the amount of such payments may be added to the limitation stated in this clause for the purpose of determining whether additional loans may be made to that person;

(4) To accept trusts or act as guardian, administrator, or judicial trustee in any form; or

(5) To deposit any of its funds in any banking corporation, unless that corporation has been designated by vote of a majority of directors or of the executive committee present at a meeting duly called, at which a quorum was in attendance.

(6) To change any allocation of capital made pursuant to section 53.03 or to reduce or withdraw in any way any portion of the contributed capital and appropriated reserves without prior written approval of the commissioner of banks.

(7) To take any instrument in which blanks are left to be filled in after execution.

Sec. 4. Minnesota Statutes 1974, Section 53.07, is amended to read:

**53.07 RESERVE.** All industrial loan and thrift companies shall establish as a reserve against the certificates of indebtedness described

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in section 53.04, ~~clause (4)~~-subdivision 5, of not less than ten percent of the amount of indebtedness thus created. Three percent of this indebtedness shall be in cash in the actual possession of the industrial loan company or on demand deposit in approved banks of this state, and seven percent of the total indebtedness may be in bonds admissible for investment by mutual savings banks under the laws of this state; provided, that such certificates of indebtedness as are issued under authority of section 53.04, ~~clause (2)~~-subdivision 3, and are held by the industrial loan and thrift company as security for its own loans, shall not be considered as an indebtedness for which a reserve must be maintained under this section.

Sec. 5. This act is effective on the date of final enactment.

Approved April 9, 1976.

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## CHAPTER 236—HF.No.2117

[Coded in Part]

*An act relating to public welfare; authorizing the assignment of accident insurance proceeds by any recipient of medical assistance; amending Minnesota Statutes 1974, Section 256B.02, by adding a subdivision; Minnesota Statutes, 1975 Supplement, Sections 256B.042, by adding a subdivision; and 256B.06, Subdivision 1.*

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

Section 1. Minnesota Statutes 1974, Section 256B.02, is amended by adding a subdivision to read:

Subd. 10. PUBLIC WELFARE; MEDICAL ASSISTANCE FOR NEEDY; ACCIDENT INSURANCE PROCEEDS. “Automobile accident coverage” means any plan, or that portion of a plan, regulated under chapter 65B, which provides benefits for medical expenses incurred in an automobile accident.

Sec. 2. Minnesota Statutes, 1975 Supplement, Section 256B.042, is amended by adding a subdivision to read:

Subd. 3. To recover under this section the attorney general, or the appropriate county attorney acting at the direction of the attorney general, shall represent the state agency.

Sec. 3. Minnesota Statutes, 1975 Supplement, Section 256B.06, Subdivision 1, is amended to read:

**256B.06 ELIGIBILITY REQUIREMENTS.** Subdivision 1. Medical assistance may be paid for any person:

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