

Subd. 2. REQUIRED COVERAGE. No policy shall be issued or renewed in this state after August 1, 1981 if it provides an exclusion, reduction, or other limitation as to coverage, deductible, coinsurance or copayment applicable solely to conditions attributable to diethylstilbestrol or exposure to diethylstilbestrol, unless the covered person has been diagnosed as having diethylstilbestrol-related cancer prior to the date on which coverage for that person begins. In the absence of credible evidence of a higher morbidity rate due to exposure to diethylstilbestrol, no insurer shall surcharge or in any other manner increase the premium. If there is credible evidence of a higher morbidity rate due to exposure to diethylstilbestrol, no insurer shall surcharge or in any other manner increase the premium without the prior approval of the commissioner.

Subd. 3. REFUSAL TO ISSUE OR RENEW. No insurer shall refuse to issue or renew a policy, or to provide coverage under a policy, in this state after August 1, 1981 solely because of conditions attributable to diethylstilbestrol or exposure to diethylstilbestrol, unless the covered person has been diagnosed as having diethylstilbestrol-related cancer prior to the date on which an initial premium payment is received by the insurer.

Approved June 1, 1981

CHAPTER 351 — S.F.No. 975

An act relating to financial institutions; authorizing the making and purchasing of cooperative apartment loans; providing for the determination of interest rates on certain mortgage instruments; prescribing certain requirements and conditions applicable to these loans; redefining the term "graduated payment home loan" to include cooperative apartment loans; eliminating the state override of the federal usury preemption on certain loans; amending Minnesota Statutes 1980, Sections 47.20, Subdivisions 1, 2, 3, 4a, 6a, as amended, 7, 13, and 13a, and by adding a subdivision; 47.201; 47.203; and 47.21; proposing new law coded in Minnesota Statutes, Chapter 47; repealing Minnesota Statutes 1980, Section 47.20, Subdivision 4.

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

Section 1. Minnesota Statutes 1980, Section 47.20, as amended by Laws 1981, Chapter 137, Section 6, is amended to read:

Subd. 6a. If the purpose of a conventional loan, or loan made pursuant to the authority granted in subdivision 1, clause (3) or (4), is to enable a borrower to purchase a one to four family dwelling for his or her primary residence, the lender shall consent to the subsequent transfer of the real estate and shall release the existing borrower from all obligations under the loan

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instruments, if the transferee (1) meets the standards of credit worthiness normally used by persons in the business of making conventional loans, including but not limited to the ability of the transferee to make the loan payments and satisfactorily maintain the real estate used as collateral, (2) executes an agreement in writing with the lender whereby the transferee assumes the obligations of the existing borrower under the loan instruments, and (3) executes an agreement in writing to pay interest on the remaining obligation at a new interest rate ~~which will be not to exceed the bank's lender's~~ current market rate of interest on similar loans at the time of the transfer, but which will be no greater than the most recently published monthly index of the federal national mortgage association auction yields as compiled by the federal national mortgage association or the existing interest rate provided for by the terms of the note, whichever is greater. Any such agreement shall not affect the priority, validity or enforceability of any loan instrument.

Sec. 2. Minnesota Statutes 1980, Section 47.20, Subdivision 1, is amended to read:

Subdivision 1. Pursuant to ~~such~~ rules 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, or approved or certified by the administrator of the farmers home administration, are authorized:

(1) To make ~~such~~ loans and advances of credit and purchases of obligations representing loans and advances of credit as which 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, or the administrator of the farmers home administration pursuant to the consolidated farm and rural development act, Pub. L. 87-128, as amended, and to obtain ~~such~~ the insurance or guarantees;

(2) To make ~~such~~ loans secured by mortgages on real property and loans secured by a share or shares of stock or a membership certificate or certificates issued to a stockholder or member by a cooperative apartment corporation which the secretary of housing and urban development, the administrator of veterans affairs, or the administrator of the farmers home administration has insured or guaranteed or made a commitment to insure or guarantee, and to obtain ~~such~~ the insurance or guarantees.

Sec. 3. Minnesota Statutes 1980, Section 47.20, Subdivision 2, is amended to read:

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

Subd. 2. For the purposes of this section the terms defined in this subdivision have the meanings given them:

(1) "Actual closing costs" mean reasonable charges for or sums paid for the following, whether or not retained by the mortgagee or lender:

(a) Any insurance premiums including but not limited to premiums for title insurance, fire and extended coverage insurance, flood insurance, and private mortgage insurance, but excluding any charges or sums retained by the mortgagee or lender as self-insured retention.

(b) Abstracting, title examination and search, and examination of public records.

(c) The preparation and recording of any or all documents required by law or custom for closing a conventional or cooperative apartment loan.

(d) Appraisal and survey of real property securing a conventional loan or real property owned by a cooperative apartment corporation of which a share or shares of stock or a membership certificate or certificates are to secure a cooperative apartment loan.

(e) A single service charge, which includes any consideration, not otherwise specified herein as an "actual closing cost" paid by the borrower and received and retained by the lender for or related to the acquisition, making, refinancing or modification of a conventional or cooperative apartment loan, and also includes any consideration received by the lender for making a borrower's interest rate commitment or for making a borrower's loan commitment, *whether or not an actual loan follows the commitment. The term service charge does not include forward commitment fees. The service charge shall not exceed one percent of the original bona fide principal amount of the conventional or cooperative apartment loan, except that in the case of a construction loan, the service charge shall not exceed two percent of the original bona fide principal amount of the loan. That portion of the service charge imposed because the loan is a construction loan shall be itemized and a copy of the itemization furnished the borrower. A lender shall not collect from a borrower the additional one percent service charge permitted for a construction loan if it does not perform the service for which the charge is imposed or if third parties perform and charge the borrower for the service for which the lender has imposed the charge.*

(f) Charges and fees necessary for or related to the transfer of real or personal property securing a conventional or cooperative apartment loan or the closing of a conventional or cooperative apartment loan paid by the borrower and received by any party other than the lender.

(2) "Contract for deed" means an executory contract for the conveyance of real estate, the original principal amount of which is less than \$100,000. A

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commitment for a contract for deed shall include an executed purchase agreement or earnest money contract wherein the seller agrees to finance any part or all of the purchase price by a contract for deed.

(3) "Conventional loan" means a loan or advance of credit, other than a loan or advance of credit made by a credit union or made pursuant to section 334.011, to a noncorporate borrower in an original principal amount of less than \$100,000, secured by a mortgage upon real property containing one or more residential units or upon which at the time the loan is made it is intended that one or more residential units are to be constructed, and which is not insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration. The term mortgage does not include contracts for deed or installment land contracts.

(4) "Cooperative apartment loan" means a loan or advance of credit, other than a loan or advance of credit made by a credit union or made pursuant to section 334.011, to a noncorporate borrower in an original principal amount of less than \$100,000, secured by a security interest on a share or shares of stock or a membership certificate or certificates issued to a stockholder or member by a cooperative apartment corporation, which may be accompanied by an assignment by way of security of the borrower's interest in the proprietary lease or occupancy agreement in property issued by the cooperative apartment corporation and which is not insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration.

(5) "Cooperative apartment corporation" means a corporation or association organized under sections 308.05 to 308.18 or chapter 317, the shareholders or members of which are entitled, solely by reason of their ownership of stock or membership certificates in the corporation or association, to occupy one or more residential units in a building owned or leased by the corporation or association.

(4) (6) "Forward commitment fee" means a fee or other consideration paid to a lender for the purpose of securing a binding forward commitment by or through the lender to make conventional loans to two or more credit worthy purchasers, including future purchasers, of residential units, or a fee or other consideration paid to a lender for the purpose of securing a binding forward commitment by or through the lender to make conventional loans to two or more credit worthy purchasers, including future purchasers, of apartments as defined in section 515.02 to be created out of existing structures pursuant to the Minnesota condominium act, or a fee or other consideration paid to a lender for the purpose of securing a binding forward commitment by or through the lender to make cooperative apartment loans to two or more credit worthy purchasers, including future purchasers, of a share or shares of stock or a

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membership certificate or certificates in a cooperative apartment corporation; provided, that the forward commitment rate of interest does not exceed the maximum lawful rate of interest effective as of the date the forward commitment is issued by the lender.

~~(5)~~ (7) "Borrower's interest rate commitment" means a binding commitment made by a lender to a borrower wherein the lender agrees that, if a conventional or cooperative apartment loan is made following issuance of and pursuant to the commitment, the conventional or cooperative apartment loan shall be made at a rate of interest not in excess of the rate of interest agreed to in the commitment, provided that the rate of interest agreed to in the commitment is not in excess of the maximum lawful rate of interest effective as of the date the commitment is issued by the lender to the borrower.

~~(6)~~ (8) "Borrower's loan commitment" means a binding commitment made by a lender to a borrower wherein the lender agrees to make a conventional or cooperative apartment loan pursuant to the provisions, including the interest rate, of the commitment, provided that the commitment rate of interest does not exceed the maximum lawful rate of interest effective as of the date the commitment is issued and the commitment when issued and agreed to shall constitute a legally binding obligation on the part of the mortgagee or lender to make a conventional or cooperative apartment loan within a specified time period in the future at a rate of interest not exceeding the maximum lawful rate of interest effective as of the date the commitment is issued by the lender to the borrower; provided that a lender who issues a borrower's loan commitment pursuant to the provisions of a forward commitment is authorized to issue the borrower's loan commitment at a rate of interest not to exceed the maximum lawful rate of interest effective as of the date the forward commitment is issued by the lender.

~~(7)~~ (9) "Finance charge" means the total cost of a conventional or cooperative apartment loan including extensions or grant of credit regardless of the characterization of the same and includes interest, finders fees, and other charges levied by a lender directly or indirectly against the person obtaining the conventional or cooperative apartment loan or against a seller of real property securing a conventional loan or a seller of a share or shares of stock or a membership certificate or certificates in a cooperative apartment corporation securing a cooperative apartment loan, or any other party to the transaction except any actual closing costs and any forward commitment fee. The finance charges plus the actual closing costs and any forward commitment fee, charged by a lender shall include all charges made by a lender other than the principal of the conventional or cooperative apartment loan.

~~(8)~~ (10) "Lender" means any person making a conventional or cooperative apartment loan, or any person arranging financing for a conventional or cooperative apartment loan. The term also includes the holder or assignee at any time of a conventional or cooperative apartment loan.

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(9) (11) "Loan yield" means the annual rate of return obtained by a lender over the term of a conventional or cooperative apartment loan and shall be computed as the annual percentage rate as computed in accordance with sections 226.5 (b), (c) and (d) of Regulation Z, 12 C.F.R. section 226, but using the definition of finance charge provided for in this subdivision.

(10) "Monthly index of long term United States government bond yields" means the monthly unweighted average of the daily unweighted average of the closing bid yield quotations in the over the counter market for all outstanding United States treasury bond issues, based on available statistics, which are either maturing or callable in ten years or more. This index is expressed in terms of percentage interest per annum.

(11) (12) "Monthly index of the federal national mortgage association auction yields" means the gross weighted average yield of accepted offers in the second free market system conventional home mortgage auction held by the federal national mortgage association in a month.

(12) (13) "Person" means an individual, corporation, business trust, partnership or association or any other legal entity.

(13) (14) "Residential unit" means any structure used principally for residential purposes or any portion thereof, and includes a unit in a townhouse or planned unit development, a condominium apartment, a non-owner occupied residence, and any other type of residence regardless of whether such the unit is used as a principal residence, secondary residence, vacation residence or residence of some other denomination.

(14) (15) "Vendor" means any person or persons who agree to sell real estate and finance any part or all of the purchase price by a contract for deed. The term also includes the holder or assignee at any time of the vendor's interest in a contract for deed.

Sec. 4. Minnesota Statutes 1980, Section 47.20, Subdivision 3, is amended to read:

Subd. 3. Notwithstanding the provisions of section 334.01, lenders are authorized to make conventional or cooperative apartment loans and purchases of obligations representing conventional or cooperative apartment loans pursuant to such rules as the commissioner of banks finds to be necessary and proper, if any; at an interest rate not in excess of the maximum lawful interest rate prescribed in subdivision 4 or 4a. Contract for deed vendors are authorized to charge interest on contracts for deed at an interest rate not in excess of the maximum lawful interest rate prescribed in subdivision 4 or 4a.

Sec. 5. Minnesota Statutes 1980, Section 47.20, Subdivision 4a, is amended to read:

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Subd. 4a. No conventional or cooperative apartment loan or contract for deed shall be made at a rate of interest or loan yield in excess of a maximum lawful interest rate which shall be based upon the monthly index of the federal national mortgage association auction yields as compiled by the federal national mortgage association. The maximum lawful interest rate shall be computed as follows:

(1) The maximum lawful rate of interest for a conventional or cooperative apartment loan or contract for deed made or contracted for during any calendar month is equal to the monthly index of the federal national mortgage association auction yields for the first preceding calendar month rounded off to the next highest quarter of one percent per annum.

(2) On or before the last day of each month the commissioner of banking shall determine, based on available statistics, the monthly index of the federal national mortgage association auction yields for that calendar month and shall determine the maximum lawful rate of interest for conventional or cooperative apartment loans or contracts for deed for the next succeeding month, as defined in clause (1) and shall cause the maximum lawful rate of interest to be published in a legal newspaper in Ramsey County on or before the first day of each month or as soon thereafter as practicable and in the state register on or before the last day of each month; the maximum lawful rate of interest to be effective on the first day of that month. If a federal national mortgage association free market system conventional home mortgage auction is not held in any month, the maximum lawful rate of interest determined by the commissioner of banks pursuant to the last auction is the maximum lawful rate of interest through the last day of the month in which the next auction is held.

(3) A contract rate within the maximum lawful interest rate applicable to a conventional or cooperative apartment loan or contract for deed at the time the loan is made is the maximum lawful interest rate for the term of the conventional or cooperative apartment loan or contract for deed.

(4) Contracts for deed executed pursuant to a commitment for a contract for deed, or conventional or cooperative apartment loans made pursuant to a borrower's interest rate commitment or made pursuant to a borrower's loan commitment, or made pursuant to a commitment for conventional or cooperative apartment loans made upon payment of a forward commitment fee including a borrower's loan commitment issued pursuant to a forward commitment, which commitment provides for consummation within some future time following the issuance of the commitment may be consummated pursuant to the provisions, including the interest rate, of the commitment notwithstanding the fact that the maximum lawful rate of interest at the time the contract for deed or conventional or cooperative apartment loan is actually executed or made is less than the commitment rate of interest, provided the commitment

rate of interest does not exceed the maximum lawful interest rate in effect on the date the commitment was issued. The refinancing of (a) an existing conventional or cooperative apartment loan, (b) a loan insured or guaranteed by the secretary of housing and urban development, the administrator of veterans affairs, or the administrator of the farmers home administration, or (c) a contract for deed by making a conventional or cooperative apartment loan is deemed to be a new conventional or cooperative apartment loan for purposes of determining the maximum lawful rate of interest under this subdivision. A borrower's interest rate commitment or a borrower's loan commitment is deemed to be issued on the date the commitment is hand delivered by the lender to, or mailed to the borrower. A forward commitment is deemed to be issued on the date the forward commitment is hand delivered by the lender to, or mailed to the person paying the forward commitment fee to the lender, or to any one of them if there should be more than one. A commitment for a contract for deed is deemed to be issued on the date the commitment is initially executed by the contract for deed vendor or his authorized agent.

(5) A contract for deed executed pursuant to a commitment for a contract for deed, or a loan made pursuant to a borrower's interest rate commitment, or made pursuant to a borrower's loan commitment, or made pursuant to a forward commitment for conventional or cooperative apartment loans made upon payment of a forward commitment fee including a borrower's loan commitment issued pursuant to a forward commitment, issued on or before November 30, 1982, at a rate of interest not in excess of the rate of interest authorized by this subdivision at the time the commitment was made continues to be enforceable in accordance with its terms until the indebtedness is fully satisfied.

~~(6) This subdivision supersedes subdivision 4 from May 31, 1979 until November 30, 1982.~~

~~(7) This subdivision expires November 30, 1982.~~

Sec. 6. Minnesota Statutes 1980, Section 47.20, is amended by adding a subdivision to read:

Subd. 4b. Notwithstanding any other provision of this chapter including section 10, with respect to any conventional loan pursuant to which the mortgagee or lender shall receive any share of future appreciation of the mortgaged property, the following limitations shall apply:

(1) The share of future appreciation of the mortgaged property which the lender or mortgagee may receive shall be limited to the proportionate amount produced by dividing the lesser of the acquisition cost or fair market value of the mortgaged property at the time the conventional loan is made into the original principal amount of the conventional loan; provided that in no event shall the annual rate of return obtained by the lender or mortgagee over the

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term of the conventional loan exceed the maximum lawful interest rate prescribed in subdivision 4a.

(2) The lender or mortgagee shall not receive any share of future appreciation of the mortgaged property except upon sale or transfer of the mortgaged property or any interest therein, whether by lease, deed, contract for deed or otherwise, whether for consideration or by gift or in the event of death, or otherwise, and whether voluntarily, involuntarily, or by operation of law, provided that if the mortgagor or mortgagors own the mortgaged property as co-tenants, the transfer of the mortgaged property or any interest therein from one of such co-tenants to another co-tenant, whether by reason of death or otherwise, shall not be considered a sale or transfer, and a taking by eminent domain shall not be considered a sale or transfer unless it is a total taking for which payment is made for the full value of the mortgaged property, and a casualty loss shall not be considered a sale or transfer unless the proceeds of any insurance claim made in connection with such casualty loss are applied to prepay the principal of the conventional loan.

(3) Before the loan is made, the lender shall disclose to the mortgagor or mortgagors the terms and conditions upon which the lender or mortgagee shall receive any share of future appreciation of the mortgaged property.

The commissioner may from time to time make, amend and rescind rules, forms and orders necessary to carry out the provisions of this subdivision. The provisions of this subdivision shall not apply to loans made pursuant to the program authorized by Laws 1981, Chapter 97.

Sec. 7. Minnesota Statutes 1980, Section 47.20, Subdivision 7, is amended to read:

Subd. 7. (1) No conventional loan made on or after the effective date of Laws 1977, Chapter 350 and prior to May 31, 1979 shall contain a provision requiring or permitting the imposition, directly or indirectly, of any discount points, whether or not actually denominated as discount points, on any person. Conventional or cooperative apartment loans made on or after May 31, 1979 may contain provisions permitting discount points, if the loan does not provide a loan yield in excess of that permitted by subdivision ~~4~~ 4a. The loan yield is computed using the amount resulting when the discount points are included in the finance charge.

(2) Forward commitment fees are not discount points within the meaning of this subdivision.

(3) No charges, fees, or sums permitted by this section which are paid to and received by a lender may be increased for purposes of evading compliance with this subdivision.

Sec. 8. Minnesota Statutes 1980, Section 47.20, Subdivision 13, is amended to read:

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Subd. 13. Any conventional loan having an interest rate or loan yield in excess of the maximum lawful interest rate provided for in subdivision 4 or 4a as applicable shall be usurious and subject to the same penalties as a loan made in violation of section 334.01. Any lender intentionally violating any other provision of this section shall be fined not more than \$100 for each offense.

Sec. 9. Minnesota Statutes 1980, Section 47.20, Subdivision 13a, is amended to read:

Subd. 13a. Any contract for deed or cooperative apartment loan having an interest rate in excess of the maximum lawful interest rate provided for in subdivision 4 or 4a as applicable is usurious. No contract for deed or cooperative apartment loan is unenforceable solely because the interest rate thereon is usurious. Persons who have paid usurious interest may recover an amount not to exceed five times the usurious portion of the interest paid under the contract for deed or cooperative apartment loan plus attorneys' fees from the person to whom the interest has been paid. The penalty provisions of chapter 334, do not apply to usurious contracts for deed or cooperative apartment loans.

Sec. 10. Minnesota Statutes 1980, Section 47.201, is amended to read:

47.201 GRADUATED PAYMENT MORTGAGES AND COOPERATIVE APARTMENT LOANS.

Subdivision 1. **DEFINITIONS.** For the purposes of this section, the terms defined in this subdivision shall have the meanings given them:

(1) "Financial institution" means a state bank or trust company, a national banking association, a state or federally chartered savings and loan association, a mortgage bank or mutual savings bank.

(2) "Graduated payment home loan" means a conventional or cooperative apartment loan made pursuant to section 47.20 and subject to the provisions therein, whereunder initial periodic repayments are lower than those under the standard conventional or cooperative apartment loan having equal periodic repayments, and gradually rise to a predetermined point after which they remain constant.

Subd. 2. **AUTHORIZATION.** Notwithstanding the provisions of sections 334.01, subdivision 1, and 51A.37, subdivision 3, clause (d), any financial institution is authorized to make graduated payment home loans and purchases representing graduated payment home loans pursuant to such rules as the commissioner of banks finds to be necessary and proper, if any, at an interest rate not in excess of the maximum lawful interest rate prescribed in section 47.20, subdivision ~~4~~ 4a. Notwithstanding the provisions of section 334.01, subdivision 1, where initial repayments of a graduated payment home loan are

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less than the total accrued outstanding interest, the excess accrued and unpaid interest may be added to the outstanding loan balance on which interest accrues at the contracted rate.

Subd. 3. **GRADUATED PAYMENTS.** A mortgage graduated payment home loan may provide that periodic repayments of principal and interest on variable graduated payment home loans may increase in amounts not exceeding the following:

- (a) 7.5 percent annually during a period of five years or less;
- (b) 6.5 percent annually during a period of six years;
- (c) 5.5 percent annually during a period of seven years;
- (d) 4.5 percent annually during a period of eight years;
- (e) 3.5 percent annually during a period of nine years; and
- (f) 3 percent annually during a period of ten years.

No mortgage graduated payment home loan may provide for principal and interest increases after its first ten years. The increases in payments of principal and interest provided in clauses (a) to (f) are independent and one graduation period may not be used in conjunction with another period.

Subd. 4. **CHANGES RESTRICTED.** Payments of principal and interest may not be changed more than once a year. The first change may not occur until one year after the date of the first payment under the mortgage graduated payment home loan.

Subd. 5. **CONVERSION RIGHTS.** Borrowers taking a mortgage with graduated payments graduated payment home loan shall have the right to convert, at a time chosen by the borrower, to a standard nongraduated payment mortgage conventional loan or cooperative apartment loan. No assessment or penalties shall be made if the borrower chooses to convert at the interest rate and outstanding principal of the graduated payment mortgage home loan.

Subd. 6. **DISCLOSURE.** Each prospective borrower shall receive materials explaining in reasonably simple terms the graduated payment mortgage home loan offered and a comparable standard mortgage conventional loan or cooperative apartment loan instrument with a fixed interest rate and level payments. The material shall include:

- (a) A comparison of the terms of the graduated payment mortgage home loan and a standard mortgage conventional loan or cooperative apartment loan;
- (b) Payment schedules for both types of instruments and the total payment in dollars over the full term of the loan;

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(c) A description of the conversion option; and

(d) A prominent statement that borrowers have the option to elect a standard ~~mortgage~~ conventional loan or cooperative apartment loan instrument.

Subd. 7. SAVINGS AND LOAN ASSOCIATIONS; FIRST LIEN. Capitalization of interest resulting from any negative amortization of a graduated payment home loan made by a savings and loan association shall not change the status of the mortgage as a first lien against the property securing the loan pursuant to section 51A.38, subdivision 5. The capitalization of interest in a negative amortization shall not be considered as a loan or debt separate from the graduated payment mortgage contracted for at the time of loan origination.

Sec. 11. Minnesota Statutes 1980, Section 47.203, is amended to read:
47.203 FEDERAL PREEMPTION OVERRIDE.

The provisions of Pub. L. ~~96-211~~ 96-221, Title V, Part A, Section 501(a)(1), do not apply with respect to a loan, mortgage, credit sale or advance made in this state after ~~December 31, 1981~~ the effective date of this section, nor with respect to a loan, mortgage, credit sale or advance secured by real property located in this state and made after ~~December 31, 1981~~ the effective date of this section.

Sec. 12. [47.204] TEMPORARY REMOVAL OF MORTGAGE USURY LIMITS.

Subdivision 1. NO USURY LIMITS. Notwithstanding any law to the contrary, no limitation on the rate or amount of interest, discount points, finance charges or other charges shall apply to a loan, mortgage, credit sale or advance which would have been exempt from the laws of this state pursuant to Pub. L. 96-221, Title V, Part A, Section 501, as amended as of the effective date of this section, but for section 47.203 and which is made in this state after the effective date of this section and before August 1, 1984.

Subd. 2. ENFORCEABLE THROUGHOUT TERM. If the rate or amount of interest, discount points, finance charges, or other charges are permitted by this section at the time the loan, mortgage, credit sale or advance is made, the rate or amount of interest, discount points, finance charges or other charges are permitted throughout the original term of the agreement and any extension agreed upon by the borrower and the lender or their respective successors in interest.

Sec. 13. Minnesota Statutes 1980, Section 47.21, is amended to read:
47.21 LAWS PRESCRIBING TYPE OF SECURITY NOT TO APPLY.

No other law in this state prescribing the nature, amount or form of security or requiring security upon which loans or advances of credit may be

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made, or prescribing or limiting interest rates upon loans or advances of credit, or prescribing or limiting the period for which loans or advances of credit may be made, shall be deemed to apply to loans, advances of credit or purchases made pursuant to section 47.20, subdivisions 1, 3 and ~~4~~ 4a.

(1) Such institutions may invest in notes or bonds secured by mortgage or trust deed insured pursuant to section 47.20, subdivision 1, clause (2), and in securities issued by national mortgage associations;

(2) The notes, bonds and other securities herein made eligible for investment may be used wherever, by statute, collateral is required as security for the deposit of public or other funds; or deposits are required to be made with any public official or department; or an investment of capital or surplus, or a reserve or other fund, is required to be maintained consisting of designated securities.

Séc. 14. REPEALER.

Minnesota Statutes 1980, Section 47.20, Subdivision 4, is repealed.

Sec. 15. EFFECTIVE DATE.

Sections 1 to 14 are effective the day following final enactment.

Approved June 1, 1981

CHAPTER 352 — S.F.No. 1040

An act relating to the environment; clarifying terms, procedures, powers, and duties in the waste management act and for counties and metropolitan waste management; extending time limits for site selections and reports; providing that certain appropriations shall remain available until expended; amending Minnesota Statutes 1980, Sections 115A.03, Subdivisions 15 and 29; 115A.05, Subdivision 3; 115A.06, Subdivisions 4 and 5, and by adding a subdivision; 115A.08, Subdivisions 4, 5 and 6; 115A.09; 115A.11, Subdivision 1; 115A.19; 115A.20; 115A.21; 115A.22, Subdivisions 3 and 4; 115A.23; 115A.24; 115A.26; 115A.28, Subdivision 2; 115A.33; 115A.34; 115A.37, Subdivision 2; 115A.54, Subdivision 3; 116.07, Subdivisions 2 and 4; 116.41, Subdivision 2; 400.161; 473.149, Subdivisions 2b, 2c, 2e, and by adding a subdivision; 473.153, Subdivisions 1, 2, 3 and 6; 473.516, Subdivision 4; 473.801, by adding a subdivision; 473.803, Subdivision 1a; 473.811, Subdivisions 2, 3, 4, 5b, 8, and by adding subdivisions; 473.831, Subdivision 1; 473.833, by adding a subdivision; and 473.834, Subdivision 2; repealing Minnesota Statutes 1980, Section 473.834, Subdivisions 4 and 5.

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

Section 1. Minnesota Statutes 1980, Section 115A.03, Subdivision 15, is amended to read:

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