
CHAPTER 412—S.F.No.1963

An act relating to small loans; increasing the maximum limit on loans; providing charges for examination; amending Minnesota Statutes 1971, Sections 56.01; 56.12; 56.13, Subdivisions 1 and 3; 56.15, Subdivision 1; 56.16 and 56.18.

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

Section 1. Minnesota Statutes 1971, Section 56.01, is amended to read:

56.01 SMALL LOANS; MAXIMUM LIMITS; NECESSITY OF LICENSE. No person, copartnership, association, or corporation shall engage in the business of making loans of money, credit, goods, or things in action, in the amount or of the value of ~~\$900~~ \$1,200 or less, and charge, contract for, or receive on any such loan a greater rate of interest, discount, or consideration therefor than the lender would be permitted by law to charge if he were not a licensee hereunder, except as authorized by this chapter and without first obtaining a license from the commissioner of banks, hereinafter called the commissioner. The word "person," as used in this chapter, includes individuals, copartnerships, associations, and corporations, unless the context requires a different meaning.

Sec. 2. Minnesota Statutes 1971, Section 56.12, is amended to read:

56.12 ADVERTISING; TAKING OF SECURITY; PLACE OF BUSINESS. No licensee or other person shall advertise, print, display, publish, distribute, or broadcast, or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, in any manner any statement or representation with regard to the rates, terms, or conditions for the lending of money, credit, goods, or things in action, in the amount or of the value of ~~\$900~~ \$1,200 or less, at a greater rate of charge than lenders not licensed hereunder would be permitted by law to make, which is false, misleading, or deceptive. The commissioner may order any licensee to desist from any conduct which he shall find to be a violation of the foregoing provisions.

The commissioner may require that rates of charge, if stated by a licensee, be stated fully and clearly in such manner as he may deem necessary to prevent misunderstanding thereof by prospective borrowers.

No licensee shall take a lien upon real estate as security for any loan made under this chapter, except such lien as is created by law upon the recording of a judgment.

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No licensee shall conduct the business of making loans under this chapter within any office, room, or place of business in which any other business is solicited or engaged in, or in association or conjunction therewith, except as may be authorized, in writing, by the commissioner upon his finding that the character of the other business is such that the granting of such authority would not facilitate evasions of this chapter or of the rules and regulations lawfully made hereunder.

No licensee shall transact the business or make any loan provided for by this chapter under any other name or at any other place of business than that named in the license. No licensee shall take any confession of judgment or any power of attorney. No licensee shall take any note, promise to pay, or security that does not accurately disclose the actual amount of the loan, the time for which it is made, and the agreed rate of charge, nor any instrument in which blanks are left to be filled in after execution.

Sec. 3. Minnesota Statutes 1971, Section 56.13, Subdivision 1, is amended to read:

56.13 LIMITATION OF LOANS; INTEREST; INVESTIGATION CHARGE. Subdivision 1. Every licensee hereunder may lend any sum of money not to exceed ~~\$900~~ \$1,200 in amount, and may contract for and receive thereon a charge at a rate not exceeding two and three-quarters percent per month on that part of the unpaid principal balance of any loan not exceeding \$300, one and one-half percent per month on that part of the unpaid principal balance of any loan in excess of \$300 but not exceeding \$600, one and one-quarter percent per month on any remainder of such unpaid principal balance; provided ; ~~however, that in addition the licensee may collect from the proceeds of any loan an investigation charge of \$1 for each \$100, or fraction thereof, of the principal amount loaned, for expenses including any examination or investigation of the character and circumstances of the borrower, comaker 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 collected unless a loan shall have been made. The full amount of the investigation charge authorized by this subdivision shall be fully earned by 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 12 months from the date of the loan, then 1/12 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 affiliated lender.~~ Not more than six months of accrued charges on the unpaid principal balance shall be included in any judgment entered on any loan made hereunder.

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Sec. 4. Minnesota Statutes 1971, Section 56.13, Subdivision 3, is amended to read:

Subd. 3. No charges on loans made under this chapter, except for investigation charges allowed in subdivision 1 of this section, shall be paid or received in advance, or deducted or discounted from the principal of the loan. Interest charges on loans made under this chapter, except as otherwise provided in subdivision 4 of this section, (1) shall be computed and paid only as a percentage per month of the unpaid principal balances or portions thereof, (2) shall be so expressed in every obligation signed by the borrower, and (3) shall not be compounded; provided that, if part or all of the consideration for a loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under such loan contract may include any unpaid charges on the prior loan which have accrued within two months before the making of such loan contract. For the purpose of computations a month shall be considered a calendar month and where a fraction of a month is involved a day shall be considered one-thirtieth of a month.

Sec. 5. Minnesota Statutes 1971, Section 56.15, Subdivision 1, is amended to read:

56.15 LIMITATION ON AMOUNT AND INSURANCE. Subdivision 1. No licensee shall, directly or indirectly, charge, contract for, or receive any interest, discount, or consideration greater than the lender would be permitted by law to charge if he were not a licensee hereunder upon the loan, use or forbearance of money, goods, or things in action, or upon the loan, use or sale of credit, of the amount or value of more than ~~\$900~~ \$1,200. The foregoing prohibition shall also apply to any licensee who permits any person, as borrower, or otherwise, to owe, directly or contingently, or both, to the licensee at any time a sum of more than ~~\$900~~ \$1,200 for principal.

Sec. 6. Minnesota Statutes 1971, Section 56.16, is amended to read:

56.16 OVERAGES DEEMED INTEREST. The payment of ~~\$900~~ \$1,200 or less in money, credit, goods, or things in action, as consideration for any sale or assignment of, or order for, the payment of wages, salary, commissions, or other compensation for services, whether earned or to be earned, shall, for the purposes of regulation under this chapter, be deemed a loan secured by the assignment, and the amount by which the assigned compensation exceeds the amount of the consideration actually paid shall, for the purposes of regulation under this chapter, be deemed interest or charges upon the loan from the date of the payment to the date the compensation is payable. This transaction shall be governed by, and subject to, the provisions of this chapter.

Sec. 7. Minnesota Statutes 1971, Section 56.18, is amended to read:

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56.18 UNLICENSED PERSONS NOT TO MAKE LOANS. No person, except as authorized in this chapter, shall, directly or indirectly, charge, contract for, or receive any interest, discount, or consideration greater than the lender would be permitted by law to charge if he were not a licensee hereunder upon the loan, use, or forbearance of money, goods, or things in action, or upon the loan, use, or sale of credit of the amount or value of ~~\$900~~ \$1,200 or less.

The foregoing prohibition shall apply to any person who, by any device, subterfuge, or pretense, shall charge, contract for, or receive greater interest, consideration, or charges than is authorized by this chapter for any such loan, use or forbearance of money, goods, or things in action, or for any such loan, use or sale of credit.

No loan of the amount or value of ~~\$900~~ \$1,200 or less for which a greater rate of interest, consideration, or charges than is permitted by this chapter has been charged, contracted for, or received, wherever made, shall be enforced in this state, and every person in anywise participating therein in this state shall be subject to the provisions of this chapter, provided, that the foregoing shall not apply to loans legally made in any state which then has in effect a regulatory small loan law similar in principle to this chapter.

Sec. 8. This act is effective July 1, 1974.

Approved April 10, 1974.

CHAPTER 413—S.F.No.2639

An act relating to courts; allowance of certain costs and disbursements in district court; amending Minnesota Statutes 1971, Sections 549.02; and 549.04.

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

Section 1. Minnesota Statutes 1971, Section 549.02, is amended to read:

549.02 DISTRICT COURTS; COSTS AND DISBURSEMENTS. In actions commenced in the district court, costs shall be allowed as follows:

To plaintiff: (1) Upon a judgment in his favor of \$100 or more in an action for the recovery of money only, when no issue of fact or law is joined, \$5; when issue is joined, \$10. (2) In all other actions, including an action by a public employee for wrongfully denied or withheld employment benefits or rights, except as otherwise specially provided, \$10.

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