

CHAPTER 334

MONEY, RATES OF INTEREST

334.021 Corporation prohibited from interposing defense of usury.
334.16 Finance charges for open end credit sales.

334.20 Usurious interest; determination at time of contract.

334.021 CORPORATION PROHIBITED FROM INTERPOSING DEFENSE OF USURY.

No corporation shall hereafter interpose the defense of usury in any action. The term "corporation," as used in this section, includes any cooperative corporation, cooperative association, or limited partnership, and further includes any association or joint stock company having any of the powers and privileges of corporations not possessed by an individual or a partnership.

History: *1Sp1985 c 13 s 316*

334.16 FINANCE CHARGES FOR OPEN END CREDIT SALES.

Subdivision 1. **Limitation of rates.** The imposition, charge or collection of a finance charge upon an account balance by a seller of goods, services or both shall be lawful, provided that:

(a) The sale is a consumer credit sale pursuant to an open end credit plan, agreement or arrangement between the buyer and seller under which (1) the seller may permit the buyer to make purchases from time to time from the seller or other sellers, (2) the buyer has the privilege of paying the balance in full or in installments, and (3) a finance charge may be computed by the seller from time to time on an outstanding unpaid balance; and

(b) The terms of the plan, agreement or arrangement provide for a periodic rate of finance charge which does not exceed 1-1/2 percent per month computed on an amount no greater than the average daily balance of the account during each monthly billing cycle; provided a minimum finance charge not in excess of 50 cents per month may be imposed, charged or collected.

(c) No finance charge in excess of 1-1/3 percent per month shall be imposed on an open end and consumer credit account by any issuer whose credit card is issued primarily for the purpose of purchasing motor fuels and related products and whose gross annual national sales exceed \$10 billion. Retailers must give adequate notice to open end consumer credit customers before any higher interest rate is applied. Accompanying credit statements must not suggest that the Minnesota legislature required retailers to raise interest rates. The accompanying material must make clear that the increase affects only the maximum allowable interest rate.

[For text of subds 2 and 3, see M.S.1984]

History: *1985 c 57 s 1*

334.20 USURIOUS INTEREST; DETERMINATION AT TIME OF CONTRACT.

The law existing at the time of a contract for the loan or forbearance of money, goods, or services, or things in action shall determine whether the interest charged on the loan or forbearance exceeded the maximum statutory interest rate, and the penalty for exceeding the maximum statutory interest rate in effect at the time of the transaction shall be applied notwithstanding a subsequent repeal or modification of

the maximum statutory interest rate. This section applies to all actions to enforce a contract for the loan or forbearance of money, goods, or things in action that have not been reduced to final judgment on May 29, 1985, and applies to all contracts governed by this chapter and chapters 47, 48, 50, 51A, 52, 53, and 56, except sections 334.16 to 334.18.

History: 1985 c 244 s 1