CHAPTER 53C

MOTOR VEHICLE RETAIL INSTALLMENT SALES

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53C.01 MOTOR VEHICLE RETAIL INSTALLMENT SALES; DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of sections 53C.01 to 53C.14, the terms defined in this section have the meanings given them.

Subd. 2. **Cash sale price.** "Cash sale price" means the price at which the seller would in good faith sell to the buyer, and the buyer would in good faith buy from the seller, the motor vehicle which is the subject matter of the retail installment contract, if such sale were a sale for cash, instead of a retail installment sale. The cash sale price may include any taxes, charges for delivery, servicing, repairing, or improving the motor vehicle, including accessories and their installation, and any other charges agreed upon between the parties. The cash price may include a documentary fee or document administration fee authorized under section 168.27, subdivision 31.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce of the state of Minnesota.

Subd. 4. **Finance charge.** "Finance charge" means any charge payable directly or indirectly by the buyer and imposed directly or indirectly by the seller as a condition of the extension of credit under a retail installment contract, and includes a time price differential. The term does not include the cost of any insurance and other benefits included in the retail installment contract and any other permissible cost or expense incidental to the retail installment sale or any charge of a type payable in a comparable cash transaction, or any taxes, fees, or charges that actually are or will be paid to public officials or government agencies for determining the existence of or for perfecting, releasing, or satisfying a security interest. The term also does not include premiums for insurance against loss of or damage to property, or against liability arising out of the ownership or use of property if the insurance coverage may be obtained from a person of the buyer's choice.

Subd. 4a. **Global positioning system starter interrupt device.** "Global positioning system starter interrupt device" or "GPS starter interrupt device" means a device installed on a motor vehicle by a motor vehicle dealer that enables an individual who is not in possession of the motor vehicle to remotely disable the motor vehicle's ignition. GPS starter interrupt device includes a device commonly referred to as a fuel or ignition kill switch.

Subd. 5. **Motor vehicle.** "Motor vehicle" means any device propelled or drawn by any power other than muscular power, in, upon, or by which any person or property is, or may be transported or drawn upon a

highway, excepting building and road construction equipment not subject to motor vehicle registration fees, snowmobiles, three-wheel off-road vehicles, boat, snowmobile, and other utility trailers, farm tractors, and agricultural machinery not designed primarily for highway transportation, but which may incidentally transport persons or property on a public highway, or any other device which may not be lawfully operated upon a highway at the time of sale.

Subd. 6. **Person.** "Person" means an individual, partnership, corporation, association, and other group however organized.

Subd. 7. **Retail buyer or buyer.** "Retail buyer" or "buyer" means a person who buys or agrees to buy a motor vehicle from a retail seller not for the purpose of resale and who executes a retail installment contract in connection therewith.

Subd. 8. **Retail installment contract.** "Retail installment contract" means any agreement, entered into in this state, evidencing a retail installment sale of a motor vehicle, other than for the purpose of resale, when purchased primarily for personal, family or household use, pursuant to which title to, or a lien upon the motor vehicle is retained by the retail seller as security for the retail buyer's obligation. This term includes a mortgage, conditional sale contract, or any contract for the bailment or leasing of a motor vehicle by which the bailee or lessee contracts to pay as compensation for its use a sum substantially equivalent to the retail installment sale price of the motor vehicle and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner of such motor vehicle for no additional consideration or for nominal additional consideration. "Retail installment contract" does not include any agreement, entered into in this state, evidencing an installment sale of a motor vehicle purchased primarily for use in business. For purposes of this subdivision, "business" means a commercial or industrial enterprise which is carried on for the purpose of active or passive investment or profit.

Subd. 9. **Retail installment sale.** "Retail installment sale" means any sale evidenced by a retail installment contract wherein retail buyer agrees to buy and retail seller agrees to sell a motor vehicle at a sale price payable in one or more installments with the payment of a finance charge.

Subd. 10. **Retail seller or seller.** "Retail seller" or "seller" means a person who sells or agrees to sell a motor vehicle under a retail installment contract to a retail buyer.

Subd. 11. **Rule of construction.** Words in the singular include the plural and vice versa.

Subd. 12. **Sales finance company.** "Sales finance company" means a person engaged, in whole or in part, in the business of purchasing retail installment contracts entered into in this state from one or more retail sellers. The term includes a bank, trust company, or industrial loan and thrift company, if so engaged. The term also includes a retail seller engaged, in whole or in part, in the business of creating and holding retail installment contracts. The term does not include the pledges of an aggregate number of the contracts to secure a bona fide loan thereon.

Subd. 12a. **Service contract.** "Service contract" has the meaning given it in section 59B.02, subdivision 11.

Subd. 12b. **Surface protection product.** "Surface protection product" means the following products:

(1) undercoating;

(2) rustproofing;

(3) chemical or film paint sealant or protectant; or

(4) chemical sealant or stain inhibitor for carpet and fabric.

Subd. 12c. **Theft deterrent device.** "Theft deterrent device" means the following devices:

(1) a vehicle alarm system;

(2) a window etch product;

(3) a body part marking product;

(4) a steering lock; or

(5) a pedal or ignition lock.

Subd. 13. **Total of payments.** "Total of payments" means the amount which the buyer contracts to pay under a retail installment contract, excluding any down payment.

Subd. 14. **Optional electronic transfer fee.** "Optional electronic transfer fee" means a charge for services agreed upon between the parties for electronic transmission of ownership records. The charge must be separately stated and identified as "optional electronic transfer fee" on the sales agreement maintained under Minnesota Rules, part 7400.5200. At least half of the fee must be paid to an electronic transmission service provider.

History: *1957 c 266 s 1; 1959 c 54 s 1; 1961 c 438 s 1; 1971 c 577 s 11; 1980 c 614 s 95; 1982 c 473 s 27; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1987 c 349 art 2 s 3-8; 2003 c 128 art 14 s 2; 2005 c 19 s 1; 2005 c 45 s 4,5; 2007 c 99 s 1-3; 2008 c 344 s 1; 2010 c 382 s 13; 1Sp2017 c 3 art 3 s 1; 2020 c 80 art 1 s 6; 2023 c 57 art 4 s 1,2*

53C.02 SALES FINANCE COMPANY; LICENSE, FEES, REFUND.

(a) No person shall engage in the business of a sales finance company in this state without a license therefor as provided in sections 53C.01 to 53C.14 provided, however, that no bank, trust company, savings bank, savings association, or credit union, whether state or federally chartered, industrial loan and thrift company, or licensee under the Minnesota Regulated Loan Act authorized to do business in this state shall be required to obtain a license under sections 53C.01 to 53C.14.

(b) The application for a license shall be in writing, under oath and in the form prescribed by the commissioner. The application shall contain the name of the applicant; date of incorporation, if incorporated; the address where the business is or is to be conducted and similar information as to any branch office of the applicant; the name and resident address of the owner or partners, or, if a corporation or association, of the directors, trustees and principal officers, and other pertinent information the commissioner requires.

(c) The licensee fee for the fiscal year beginning July 1 and ending June 30 of the following year, or any part thereof shall be the sum of $250 for the principal place of business of the licensee, and the sum of $125 for each branch of the licensee. Any licensee who proves to the satisfaction of the commissioner, by affidavit or other proof satisfactory to the commissioner, that during the 12 calendar months of the immediately preceding fiscal year, for which the license has been paid that the licensee has not held retail installment contracts exceeding $15,000 in amount, shall be entitled to a refund of that portion of each license fee paid in excess of $25. The commissioner shall certify that the licensee is entitled to a refund, and payment of the refund shall be made by the commissioner. The amount necessary to pay for the refundment of the license fee is appropriated from the financial institutions account under section 46.131, subdivision 11. All license fees received by the commissioner under sections 53C.01 to 53C.14 shall be deposited with the commissioner of management and budget.

(d) Each license shall specify the location of the office or branch and must be conspicuously displayed there. In case the location be changed, the commissioner shall endorse the change of location on the license.

(e) Upon the filing of such application, and the payment of the fee, the commissioner shall issue a license to the applicant to engage in the business of a sales finance company under and in accordance with the provisions of sections 53C.01 to 53C.14 for a period which shall expire the last day of June next following the date of its issuance. The license shall not be transferable or assignable. No licensee shall transact any business provided for by sections 53C.01 to 53C.14 under any other name.

(f) Section 58A.04, subdivisions 2 and 3, apply to this section.

History: *1957 c 266 s 2; 1959 c 364 s 1; 1961 c 281 s 1; 1969 c 399 s 1; 1973 c 492 s 14; 1976 c 86 s 1; 1981 c 220 s 15; 1983 c 230 s 3; 1984 c 576 s 24; 1986 c 444; 1995 c 202 art 1 s 25; 1999 c 151 s 40; 2003 c 112 art 2 s 50; 2005 c 19 s 1; 2009 c 101 art 2 s 109; 2020 c 80 art 1 s 7; 2022 c 93 art 2 s 15*

53C.03 SUSPENSION OR REVOCATION OF VEHICLE SALES FINANCE COMPANY LICENSE; APPEAL.

(a) A license may be suspended or revoked by the commissioner on the following grounds:

(1) material misstatement in application for license;

(2) intentional failure to comply with any provision of sections 53C.01 to 53C.14 relating to retail installment contract;

(3) defrauding any retail buyer to the buyer's damage;

(4) fraudulent misrepresentation, circumvention or concealment by the licensee through whatever subterfuge or device of any of the material particulars or the nature thereof required to be stated or furnished to the retail buyer under sections 53C.01 to 53C.14.

(b) If a licensee is a firm, association or corporation, it shall be sufficient cause for the suspension or revocation of a license that any officer, director or trustee of a licensed firm, association or corporation, or any member of a licensed partnership, has so acted or failed to act as would be cause for suspending or revoking a license to such part as an individual. Each licensee shall be responsible for the acts of any or all of the licensee's employees while acting as the licensee's agent, if the licensee after actual knowledge of that employee's act retained the benefits, proceeds, profits or advantages accruing from the acts or otherwise ratified the acts.

(c) No license shall be suspended or revoked except after hearing. The commissioner shall give the licensee at least ten days' written notice, in the form of an order to show cause, of the time and place of the hearing by certified mail addressed to the principal place of business in this state of the licensee. The notice shall contain the grounds of complaint against the licensee. Any order suspending or revoking the license shall recite the grounds upon which it is based. The order shall be entered upon the records of the commissioner and shall not be effective until after 30 days' written notice thereof given after such entry forwarded by certified mail to the licensee at such principal place of business. No revocation, suspension or surrender of any license shall impair or affect the obligation of any lawful retail installment contract acquired previously thereto by the licensee.

(d) Within 30 days after the service of notice of any order of suspension or revocation of a license, the licensee aggrieved may appeal from the order to the district court for the county in which the principal place of business of the licensee in this state is located, by service of a written notice of appeal upon the

commissioner, and filing it with proof of service with the court administrator of the court to which the appeal is taken, within five days. The district court has jurisdiction over the appeal. It shall be entered upon the records of the court and tried according to the Rules of Civil Procedure in so far as they are applicable. Upon receiving service of a notice of appeal, the commissioner shall file with the court administrator of the district court to which the appeal is taken a certified copy of the order appealed from and of the order to show cause upon which it was based. Unless otherwise ordered by the court, the documents filed shall frame the issues to be determined upon the appeal. The court shall determine, de novo, all questions, both of fact and of law, touching upon the legality and reasonableness of the determination of the commissioner, and shall render such judgment as shall be lawful and just. Pending final judgment on the appeal, the order appealed from shall be stayed. Upon motion of the licensee or the commissioner, the appeal shall be tried ahead of all other actions pending before the court except criminal cases. Appeals may be taken as in other civil cases.

History: *1957 c 266 s 3; 1978 c 674 s 60; 1983 c 247 s 68; 1986 c 444; 1Sp1986 c 3 art 1 s 82; 2005 c 19 s 1*

53C.04 COMPLAINT ALLEGING VIOLATION OF VEHICLE SALE INSTALLMENT CONTRACT LAWS.

Any retail buyer having reason to believe that sections 53C.01 to 53C.14 relating to the buyer's retail installment contract has been violated may file with the commissioner a written complaint setting forth the details of such alleged violation and the commissioner, upon receipt of such complaint, may inspect the pertinent books, records, letters and contracts of the licensee, assignee of the licensee or retail seller, and of the retail seller involved, relating to such specific written complaint.

History: *1957 c 266 s 4; 1986 c 444; 1994 c 382 s 14; 1996 c 414 art 1 s 31; 2005 c 19 s 1*

53C.05 TESTIMONIAL POWERS OF COMMISSIONER.

(a) The commissioner shall have power to issue subpoenas to compel the attendance of witnesses and the production of documents, papers, books, records and other evidence before the commissioner in any matter over which the commissioner has jurisdiction, control or supervision pertaining to sections 53C.01 to 53C.14. The commissioner shall have the power to administer oaths and affirmations to any person whose testimony is required.

(b) If any person shall refuse to obey any such subpoena, or to give testimony, or to produce evidence as required thereby, any judge of any district court may, upon application and proof of such refusal, make an order for the issuance of a subpoena, or subpoena duces tecum, for the witness to appear before the commissioner and to give testimony, and to produce evidence as required thereby. Upon filing such order in the office of the court administrator of such court the commissioner shall issue a subpoena, as directed, under the seal of said court, requiring the person to whom it is directed to appear at the time and place therein designated.

(c) If any person served with any such subpoena shall refuse to obey the same, or to give testimony or to produce evidence as required thereby, the commissioner may report such refusal to the court, and the court shall thereupon enforce obedience to the subpoena in the manner provided by law for enforcing obedience to subpoenas of the court.

History: *1957 c 266 s 5; 1986 c 444; 1Sp1986 c 3 art 1 s 82; 2005 c 19 s 1*

53C.06 VEHICLE CONDITIONAL SALES INSTALLMENT CONTRACT; EXAMINATION, SPECIAL INVESTIGATION, COST ASSESSMENT.

(a) For the purpose of discovering violations of sections 53C.01 to 53C.14 or securing information lawfully required by the commissioner hereunder, the commissioner may, at any time, either personally or by a person or persons duly designated by the commissioner, investigate the conditional sales contracts and business related to the conditional sales contracts and examine the books, accounts, records, and files used therein, of every licensee, assignee of the licensee, and of every person who shall be engaged in the business of a sales finance company, including the retail seller and assignee of the retail seller, whether the person shall act as principal or agent, or under or without the authority of sections 53C.01 to 53C.14. For that purpose, the commissioner and the commissioner's duly designated representative shall have free access to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all these persons. The commissioner and all persons duly designated by the commissioner shall have authority to require the attendance of and to examine, under oath, all persons whomsoever whose testimony the commissioner may require relative to the conditional sales contract or the business or to the subject matter of any examination, investigation, or hearing.

(b) The commissioner may make an examination of the affairs, business, office, and records of licensees, and of other persons subject to examination under this section, as often as considered necessary. The commissioner may assess a fee covering the necessary costs of an examination or special investigation under this section, section 53C.04, or reports filed under section 53C.07. The fee is payable to the commissioner on the commissioner's request for payment. The commissioner may maintain an action for the recovery of the costs in any court of competent jurisdiction.

History: *1971 c 398 s 1; 1981 c 220 s 16; 1986 c 444; 1987 c 349 art 2 s 9; 1996 c 414 art 1 s 32; 2005 c 19 s 1*

53C.07 VEHICLE SALES FINANCE COMPANY BOOKS OF ACCOUNT, ANNUAL REPORT.

(a) The licensee shall keep and use in the licensee's business such books, accounts, and records as will enable the commissioner to determine whether the licensee is complying with the provisions of sections 53C.01 to 53C.14 and with the rules lawfully made by the commissioner hereunder. Every licensee shall preserve such books, accounts, and records, including cards used in the card system, if any, for at least two years after making the final entry on any conditional sale contract recorded therein.

(b) Each licensee shall annually on or before March 15 file a report to the commissioner giving such relevant information as the commissioner reasonably may require concerning the business and operations during the preceding calendar year of each licensed place of business, conducted by such licensee within the state. Such report shall be made under oath and shall be in the form prescribed by the commissioner, who shall make and publish annually an analysis and recapitulation of such reports.

History: *1971 c 398 s 3; 1985 c 248 s 70; 1986 c 444; 2005 c 19 s 1*

53C.08 MOTOR VEHICLE RETAIL INSTALLMENT CONTRACT.

Subdivision 1. **Terms and limitations.** (a) Every retail installment contract shall be in writing, shall contain all the agreements of the parties, shall be signed by the retail buyer and seller, and a copy signed by the retail buyer shall be furnished to such retail buyer at the time the retail buyer executes the contract. The copy signed by both the retail buyer and retail seller shall be provided to the retail buyer within seven days after delivery of the vehicle. With respect to any contract executed prior to August 1, 1996, which has not

been paid in full by the retail buyer, the retail seller shall provide such retail buyer a copy signed by both the retail buyer and retail seller within 120 days after August 1, 1996.

(b) No provisions for confession of judgment or power of attorney therefor contained in any retail installment contract or contained in a separate agreement relating thereto, shall be valid or enforceable.

(c) The holder of a precomputed retail installment contract may, if the contract so provides, collect a delinquency and collection charge on each installment in arrears for a period not less than ten days in an amount not in excess of five percent of each installment or $5, whichever is greater. In addition to such delinquency and collection charge, the retail installment contract, whether interest-bearing or precomputed, may provide for the payment of attorneys' fees not exceeding 15 percent of the amount due and payable under such contract where such contract is referred to an attorney not a salaried employee of the holder of the contract for collection plus the court costs.

(d) Unless written notice has been given to the retail buyer of actual or intended assignment of a retail installment contract, payment thereunder or tender thereof made by the retail buyer to the last known holder of such contract shall be binding upon all subsequent holders or assignees.

(e) Upon written request from the retail buyer, the holder of the retail installment contract shall give or forward to the retail buyer a written statement of the dates and amounts of payments and the total amount unpaid under such contract. A retail buyer shall be given a written receipt for any payment when made in cash.

Subd. 1a. **Disclosures required.** Prior to the execution of a retail installment contract, the seller shall provide to a buyer, and obtain the buyer's signature on, a written disclosure that sets forth the following information:

(1) a description and the total price of all items sold in the following categories if the contract includes a charge for the item:

(i) a service contract;

(ii) an insurance product;

(iii) a debt cancellation agreement;

(iv) a theft deterrent device; or

(v) a surface protection product;

(2) whether a GPS starter interrupt device is installed on the motor vehicle, regardless of whether the contract includes a charge for the GPS starter interrupt device;

(3) the amount that would be calculated under the contract as the regular installment payment if charges for the items referenced under clause (1) are not included in the contract;

(4) the amount that would be calculated under the contract as the regular installment payment if charges for the items referenced under clause (1) are included in the contract; and

(5) the disclosures required under this subdivision must be in at least ten-point type and must be contained in a single document that is separate from the retail installment contract and any other vehicle purchase documents.

Subd. 2. **Contents.** The retail installment contract shall contain the following items:

(1) the cash sale price of the motor vehicle which is the subject matter of the retail installment contract;

(2) the total amount of the retail buyer's down payment, whether made in money or goods, or partly in money or partly in goods;

(3) the difference between clauses (1) and (2);

(4) the amount, if any, included in the transaction but not included in clause (1) to pay the balance of an existing purchase money motor vehicle lien which exceeds the value of the trade-in amount, to discharge an interest in an existing motor vehicle lease, for any insurance, specifying the types of coverage, taxes, fees, and charges that actually are or will be paid to public officials or government agencies, including those for perfecting, releasing, or satisfying a security interest, and any other amount to be financed that is related to the transaction;

(5) principal balance, which is the sum of clauses (3) and (4);

(6) the amount of the finance charge;

(7) the total of payments payable by the retail buyer to the retail seller and the number of installment payments required and the amount of each installment expressed in dollars or percentages, and date of each payment necessary finally to pay the total of payments, which is the sum of clauses (5) and (6).

Provided, however, that said clauses (1) to (7) inclusive need not be stated in the terms, sequence, or order set forth above. Provided further, that clauses (6) and (7) may be disclosed on the assumption that all scheduled payments under the contract will be made when due.

In lieu of the above clauses, the retail seller may give the retail buyer disclosures which satisfy the requirements of the federal Truth-In-Lending Act in effect as of the time of the contract, notwithstanding whether or not that act applies to the transaction.

Subd. 3. **Insurance.** Every retail seller or sales finance company, if a charge for insurance on the motor vehicle is included in a retail installment contract shall within 30 days after execution of the retail installment contract send or cause to be sent to the retail buyer a policy or policies or certificate of insurance, which insurance shall be written by a company authorized to do business in this state, clearly setting forth the amount of the premium, the kind or kinds of insurance and the scope of the coverage and all the terms, exceptions, limitations, restrictions and conditions of the contract or contracts of the insurance. The buyer of a motor vehicle under a retail installment contract shall have the privilege of purchasing such insurance from an agent or broker of the buyer's own selection and selecting an insurance company mutually acceptable to the seller and the buyer; provided, however, that the inclusion of the cost of the insurance premium in the retail installment contract when the buyer selects the agent, broker or company, shall be optional with the seller.

Subd. 4. **Contract transferability.** Any sales finance company hereunder may purchase or acquire from any retail seller any retail installment contract on such terms and conditions as may be mutually agreed upon between them.

Subd. 5. **Proof of delivery.** An acknowledgment by the retail buyer of the delivery of any such copy or notice as required in subdivision 1 contained in the body of the statement or contract shall be conclusive proof of delivery in any action or proceeding by or against any assignee of a retail installment contract.

History: *1957 c 266 s 6; 1965 c 812 s 26; 1986 c 444; 1987 c 349 art 2 s 10; 1989 c 341 art 2 s 4; 1996 c 414 art 1 s 33; 1999 c 151 s 41; 2003 c 128 art 14 s 3; 2005 c 19 s 1; 2007 c 99 s 4; 2023 c 57 art 4 s 3*

53C.083 CONSUMER REPORT DISCLOSURE.

(a) When a consumer report from a consumer reporting agency has been obtained by a lender or retail seller for use in connection with an application for credit initiated by a buyer for the purchase or lease of a motor vehicle:

(1) the lender shall provide to the retail seller, upon written request of the buyer, and unless required by federal law to provide the adverse action notice, prior to the sale or lease of the motor vehicle, the name of each credit reporting agency providing a consumer report that was obtained and used by the lender;

(2) the retail seller shall provide, prior to the sale or lease of the motor vehicle the following notice in at least ten-point boldface type on a document separate from the sale or lease contract, which must also include the name, address, and telephone number of four principal consumer reporting agencies:

"NOTICE TO MOTOR VEHICLE CREDIT APPLICANT

A consumer report from a consumer reporting agency was used in connection with your application to finance the acquisition of a motor vehicle. Consumer reports include data about your credit history and payment patterns. Consumer reports are important because they are used in determining whether to extend credit and may be used to determine the annual percentage rate you may be offered.

If you have questions about your consumer report, you are entitled to know the name, address, and telephone number of the consumer reporting agency that provided the consumer report used to evaluate your loan application. You may ask the dealer for this information. You may then contact the consumer reporting agency at the address and telephone number provided. You are entitled under federal law to a free copy annually of your consumer report by calling 1-877-322-8228 or visiting annualcreditreport.com"; and

(3) upon written request of the buyer, the retail seller shall obtain from the lender the consumer reporting agency information specified in clause (1) and shall provide that information to the buyer.

(b) This section does not require a dealer to provide more than one disclosure for each purchase or lease transaction. For purposes of this section, "consumer report" and "consumer reporting agency" have the meanings given in section 13C.001.

History: *2007 c 99 s 5*

53C.09 FINANCE CHARGE ON INSTALLMENT CONTRACT FOR VEHICLE OR MANUFACTURED HOME.

Subdivision 1. **Finance charge provisions, computation.** (a) The finance charge authorized by sections 53C.01 to 53C.14 in a retail installment sale may not exceed the following simple interest annual percentage rates:

Class 1. Any motor vehicle designated by the manufacturer by a year model of the same or not more than one year prior to the year in which the sale is made - 18 percent per year.

Class 2. Any motor vehicle designated by the manufacturer by a year model of two or three years prior to the year in which the sale is made - 19.75 percent per year.

Class 3. Any motor vehicle not in Class 1 or Class 2 - 23.25 percent per year.

(b) The finance charge must be computed on the principal balance outstanding from time to time. The beginning principal balance must be as originally determined under section 53C.08.

(c) Retail installment contracts may be interest-bearing or precomputed, and fixed-rate or variable rate. For precomputed retail installment contracts, the finance charge may be calculated in advance on the assumption that all scheduled payments will be made when due and the effect of prepayment in full is governed by section 53C.10.

(d) To compute time for the purpose of calculating interest under this section and section 53C.10, a day may be considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same-numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month. In the alternative, for interest-bearing retail installment contracts, a retail seller may charge finance charges not to exceed 1/365th of the simple interest annual percentage rate permitted in this section for each actual day elapsed from the date of the retail installment contract through and including the date of payment in full.

(e) The finance charge is inclusive of all charges incident to investigating and making the contract, and for the extension of the credit provided for in the contract and no fee, commission, expense, or other charge whatsoever may be taken, received, reserved, or contracted for except taxes, fees, and charges that actually are or will be paid to public officials or government agencies for determining the existence of or for perfecting, releasing, or satisfying a security interest, and except as provided in sections 53C.01 to 53C.14.

Subd. 2. **Prompt crediting of payments.** (a) A contract holder shall credit a payment to the customer's account as of the date of receipt except when a delay in crediting does not result in a finance or other charge or except as provided in paragraph (b).

(b) If a retail installment contract or other instructions specify requirements for the consumer to follow in making payments, but the contract holder accepts a payment that does not conform to the requirements, the contract holder shall credit the payment within five days of receipt.

(c) If a contract holder fails to credit a payment, as required by paragraphs (a) and (b), in time to avoid the imposition of finance or other charges, the contract holder shall adjust the consumer's account so that the charges imposed are credited to the consumer's account promptly.

Subd. 3. **Manufactured homes.** A sale of a manufactured home made after July 31, 1983, is governed by the provisions of subdivision 1 for purposes of determining the lawful finance charge rate, except that the maximum finance charge for a class I manufactured home may not exceed 14.5 percent per year. A retail installment sale of a manufactured home that imposes a time price differential rate that is greater than the rate permitted by this subdivision is lawful and enforceable in accordance with its terms until the indebtedness is fully satisfied if the rate was lawful when the sale was made.

Subd. 4. **Other law may apply.** In lieu of this section and sections 53C.01, subdivisions 2, 4, and 13; 53C.08; 53C.10; and 53C.11, a retail seller or sales finance company may proceed under section 47.59, subdivisions 4, 4a, and 6. In cases where the retail seller or sales finance company proceeds under section 47.59, the remaining provisions of sections 53C.01 to 53C.14 apply notwithstanding section 47.59.

History: *1957 c 266 s 7; 1980 c 451 s 1; 1980 c 599 s 5; 1981 c 365 s 9; 1983 c 250 s 29; 1983 c 350 s 1; 1985 c 107 s 1,2; 1987 c 349 art 2 s 11,12; 1989 c 217 s 20; 1996 c 414 art 2 s 11; 2000 c 427 s 18; 2005 c 19 s 1; 2026 c 124 art 1 s 8*

53C.10 VEHICLE INSTALLMENT CONTRACT PREPAYMENT, REFUND CREDITS, ALLOWANCE.

Subdivision 1. **Prepayment in full.** (a) Notwithstanding the provisions of any retail installment contract to the contrary, any retail buyer may pay in full at any time before maturity the debt of any retail installment contract without penalty. In paying a precomputed retail installment contract in full, the retail buyer shall receive a refund credit thereon for such anticipation of payments. For contracts with substantially equal scheduled monthly payments remaining after the date of prepayment in full, the refund must be calculated for all fully unexpired monthly payment periods following the date of payment in full. For all other contracts, the refund must be calculated as of the date in the month following prepayment which corresponds to the original contract date. The refund shall be calculated according to the actuarial method, less an acquisition cost of $15 which may be deducted from the refund so calculated.

(b) Where the amount of the credit for anticipation of payment is less than $1, no refund need be made.

(c) The actuarial method means the method of allocating payments on a contract between the principal amount and finance charge at the contract rate charged under section 53C.09, whereby a payment is applied first to the accumulated finance charge and then to the unpaid principal balance based on the original terms of the contract and based on the assumption that all payments are made on the due date as originally scheduled or deferred.

Subd. 2. **Partial prepayment; notice.** If a payment results in the prepayment of three or more installment payments on a precomputed contract, the retail seller or assignee of the retail seller shall within 15 days of receipt of the prepayment, deliver or mail to the retail buyer a notice in at least eight-point type. The notice must contain the following statement:

"You have substantially prepaid the installment payments on your contract and may experience an interest savings over the remaining term only if you refinance the balance within the next 30 days."

History: *1957 c 266 s 8; 1987 c 349 art 2 s 13; 1989 c 217 s 21; 1996 c 414 art 1 s 34; 2005 c 19 s 1*

53C.11 EXTENSION OF VEHICLE INSTALLMENT CONTRACT SCHEDULES, PAYMENTS.

The holder of a precomputed retail installment contract may, upon written agreement with the retail buyer, extend the scheduled due date, or defer the scheduled payment of all or part of any installment payment or payments, or renew the balance of such contract. In any such case the holder may restate the amount of the installments and the time schedule therefor, and collect as a refinance charge for such extension, deferment or renewal, a flat service fee not to exceed $5 and a total additional charge not exceeding the simple interest annual percentage rate under the original retail installment contract calculated on the respective descending balances computed from the date of such extension, deferment or renewal.

History: *1957 c 266 s 9; 1976 c 86 s 2; 1987 c 349 art 2 s 14; 2005 c 19 s 1*

53C.12 VEHICLE SALES FINANCE COMPANY VIOLATIONS; REMEDIES.

Subdivision 1. **Criminal violations.** Any person engaged in the business of a sales finance company in this state without a license therefor as provided in sections 53C.01 to 53C.14 shall be guilty of a gross misdemeanor and punished by a fine not exceeding $3,000, or by imprisonment for a period not to exceed 364 days, or by both such fine and imprisonment in the discretion of the court.

Subd. 2. **Fraudulent violations.** In case of a fraudulent violation of any provision of sections 53C.01 to 53C.14, the buyer shall have a right to recover from the person committing such violation, to set off or

counterclaim in any action by such person to enforce such contract an amount as liquidated damages, the whole of the contract due and payable, plus reasonable attorneys' fees.

Subd. 3. **Other violations.** In case of a failure to comply with any provision of sections 53C.01 to 53C.14, other than a fraudulent violation, the buyer shall have a right to recover from the person committing such violation, to set off or counterclaim in any action by such person to enforce such contract an amount as liquidated damages equal to three times the amount of any time price differential charged in excess of the amount authorized by sections 53C.01 to 53C.14 or $50, whichever is greater, plus reasonable attorneys' fees.

History: *1957 c 266 s 10; 1971 c 398 s 2; 1984 c 628 art 3 s 11; 2003 c 128 art 14 s 4; 2005 c 19 s 1; 2023 c 52 art 6 s 16*

53C.13 SEVERABILITY CLAUSE.

If any provision of sections 53C.01 to 53C.14 or the application thereof to any person or circumstances is held unconstitutional, the remainder of sections 53C.01 to 53C.14 and the application of such provision to other persons or circumstances shall not be affected thereby.

History: *1957 c 266 s 11; 2005 c 19 s 1*

53C.14 CITATION OF ACT.

Sections 53C.01 to 53C.14 may be cited as the "Motor Vehicle Retail Installment Sales Act."

History: *1957 c 266 s 12; 2005 c 19 s 1*