

CHAPTER 325G

CONSUMER PROTECTION; SOLICITATION
OF SALES

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325G.15 DEFINITIONS.

[For text of subs 1 to 4, see M.S.1980]

Subd. 5. "Sale of goods" includes, without limitation, any agreement in the form of a bailment or lease of goods if the bailee or lessee agrees to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the goods involved and it is agreed that the bailee or lessee will become, or for no other or a nominal consideration has the option to become, the owner of the goods upon full compliance with his obligations under the agreement. The term also includes a contract in the form of a terminable bailment or lease of goods if: (a) the bailee or lessee has the option to renew the contract by making the payments specified in the contract; (b) the contract obligates the bailor or lessor to transfer ownership of the property to the bailee or lessee for no other or a nominal consideration upon full compliance by the bailee or lessee with his obligations under the contract including any obligation incurred by reason of the exercise of an option by the bailee or lessee to renew the contract; and (c) the payments contracted for by the bailee or lessee, including those payments pursuant to the exercise of an option by the bailee or lessee to renew the contract, are substantially equivalent to or in excess of the aggregate value of the property and services involved.

History: 1981 c 10 s 1

325G.16 RESTRICTIONS.

[For text of subs 1 to 3, see M.S.1980]

Subd. 4. **Interest retained by bailor or lessor.** Any lease or bailment of goods which constitutes a consumer credit sale shall be deemed to be a sale for all purposes. The interest retained by the bailor or lessor in any such transaction shall be a security interest only.

Subd. 5. **Mandatory provision.** All contracts or obligations in the form of terminable bailment or lease of goods relating to consumer credit sales shall specify whether the goods which are the subject of the sale are new or used.

History: 1981 c 10 s 2,3

325G.29 CITATION.

Sections 325G.29 to 325G.36 may be cited as the "Plain Language Contract Act".

History: 1981 c 274 s 1

NOTE: See section 325G.37.

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325G.30 DEFINITIONS.

Subdivision 1. **Terms.** As used in sections 325G.30 to 325G.36, the terms defined in this section have the meanings given them.

Subd. 2. **Consumer.** "Consumer" means any individual who, primarily for personal, family or household purposes: (1) gives consideration for an interest in any services or personal property, including money; (2) transfers or authorizes a security interest on any personal property; or (3) leases residential premises for a term not exceeding three years.

Subd. 3. **Consumer contract.** "Consumer contract" means any written contract with a consumer except: (1) a contract where the price, excluding interest or finance charges, is more than \$50,000; (2) a contract through which a consumer obtains money or credit to be used to purchase or refinance an interest in realty; (3) a contract in which the sale of personal property is merely incidental to the sale of an interest in realty.

History: 1981 c 274 s 2

NOTE: See section 325G.37.

325G.31 PLAIN LANGUAGE REQUIRED.

Except as provided in section 325G.32, every consumer contract shall be written in a clear and coherent manner using words with common and everyday meanings and shall be appropriately divided and captioned by its various sections.

History: 1981 c 274 s 3

NOTE: See section 325G.37.

325G.32 EXCEPTIONS.

Subdivision 1. **Other statutes or regulations.** Section 325G.31 does not apply to any consumer contract for which a federal or state statute, rule or regulation prescribes standards of readability applicable to the entire contract. Section 325G.31 does not apply to particular words, phrases, provisions or forms of agreement specifically required, recommended or endorsed by a state or federal statute, rule or regulation.

Subd. 2. **Customarily used technical terms.** A consumer contract may include technical terms to describe the services or property which are the subject of the contract, if the terms are customarily used by consumers in connection with the services or property.

History: 1981 c 274 s 4

NOTE: See section 325G.37.

325G.33 REMEDIES.

Subdivision 1. **Enforcement authority.** Any violation of section 325G.31 is a violation of a law under section 8.31, subdivision 1. The remedies provided in section 8.31, subdivisions 3 and 3a, are limited as provided in section 325G.34.

Subd. 2. **Reformation.** In addition to the remedies provided in section 8.31, a court reviewing a consumer contract may reform or limit a provision so as to avoid an unfair result if it finds that:

- (1) a material provision of the contract violates section 325G.31;
- (2) the violation caused the consumer to be substantially confused about any of the rights, obligations or remedies of the contract; and

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(3) the violation has caused or is likely to cause financial detriment to the consumer.

If the court reforms or limits a provision of a consumer contract, the court shall also make orders necessary to avoid unjust enrichment. Bringing a claim for relief pursuant to this subdivision does not entitle a consumer to withhold performance of an otherwise valid contractual obligation. No relief shall be granted pursuant to this subdivision unless the claim is brought before the obligations of the contract have been fully performed.

History: 1981 c 274 s 5

NOTE: See section 325G.37.

325G.34 LIMITS ON REMEDIES:

Subdivision 1. **Penalties.** In any proceeding in which civil penalties are claimed from a party for a violation of section 325G.31, it is a defense to the claim that the party made a good faith and reasonable effort to comply with section 325G.31.

Subd. 2. **Attorney's fees.** A party who has made a good faith and reasonable effort to comply with section 325G.31 shall not be assessed attorney's fees or costs of investigation in an action for violating section 325G.31.

Subd. 3. **Class action attorney's fees.** In any class action or series of class actions which arise from the use by a person of a particular consumer contract found to violate section 325G.31, the amount of attorney's fees and costs of investigation assessed against that person and in favor of the consumer class or classes may not exceed \$10,000.

Subd. 4. **Limits on consumer actions.** Violation of section 325G.31 is not a defense to a claim arising from a consumer's breach of a consumer contract or to an action for unlawful detainer. A consumer may recover actual damages caused by a violation of section 325G.31 only if the violation caused the consumer to be substantially confused about the rights, obligations or remedies of the contract.

Subd. 5. **Statute of limitations.** Any claim that a consumer contract violates section 325G.31 must be raised within six years of the date the contract is executed by the consumer.

History: 1981 c 274 s 6

NOTE: See section 325G.37.

325G.35 REVIEW BY THE ATTORNEY GENERAL.

Subdivision 1. **Process of review.** Any seller, creditor or lessor may submit a consumer contract to the attorney general for review as to whether the contract complies with the requirements of section 325G.31. After reviewing the contract the attorney general shall: (1) certify that the contract complies with section 325G.31; (2) decline to certify that the contract complies with section 325G.31 and note his objections to the contractual language; (3) decline to review the contract and refer the party submitting the contract to other previously certified contracts of the same type; (4) decline to review the contract because the contract's compliance with section 325G.31 is the subject of pending litigation; or (5) decline to review the contract because the contract is not subject to section 325G.31.

Subd. 2. **Process not reviewable.** Actions of the attorney general pursuant to subdivision 1 are not subject to chapter 15, and are not appealable.

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Subd. 3. **Limited effect of certification.** Any consumer contract certified pursuant to subdivision 1 is deemed to comply with section 325G.31. Certification of a consumer contract pursuant to subdivision 1 is not otherwise an approval of the contract's legality or legal effect.

Subd. 4. **Review not required.** Failure to submit a contract to the attorney general for review pursuant to subdivision 1 does not show a lack of good faith nor does it raise a presumption that the contract violates section 325G.31. If pursuant to subdivision 1 the attorney general refers a party to a previously certified contract, that the party chooses not to use the contract does not show a lack of good faith nor does it raise a presumption that a contract used by that party violated section 325G.31.

Subd. 5. **Fee for review.** The attorney general may charge a fee, not to exceed \$50, for the costs of reviewing a consumer contract pursuant to subdivision 1.

History: 1981 c 274 s 7

325G.36 WAIVERS VOID.

Any provision of a consumer contract which waives or attempts to waive any provision of sections 325G.29 to 325G.36 is void.

History: 1981 c 274 s 8

NOTE: See section 325G.37.

325G.37 EFFECTIVE DATE.

Sections 325G.29 to 325G.34 and 325G.36 take effect on July 1, 1983. Section 325G.35 takes effect May 29, 1981. Sections 325G.29 to 325G.36 do not affect any consumer contract executed before July 1, 1983. A previously existing consumer contract renewed after July 1, 1983, is subject to sections 325G.29 to 325G.36. No provision for renewal of a consumer contract is invalid merely because compliance with sections 325G.29 to 325G.36 changes the form of the renewal agreement. For the purposes of this section periodic tenancies renew at the commencement of each rental period.

History: 1981 c 274 s 9