

## CHAPTER 56

### REGULATED LOANS

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#### 56.07 CONTROL OVER LOCATION.

**Subdivision 1. General.** Not more than one place of business shall be maintained under the same license, but the commissioner may issue more than one license to the same licensee upon compliance with all the provisions of this chapter governing an original issuance of a license, for each such new license. To the extent that previously filed applicable information remains substantially unchanged, the applicant need not refile this information, unless requested.

When a licensee shall wish to change a place of business, the licensee shall give written notice thereof 30 days in advance to the commissioner, who shall within 30 days of receipt of such notice, issue an amended license approving the change. No change in the place of business of a licensee to a location outside of its current trade area or more than 25 miles from its present location, whichever distance is greater, shall be permitted under the same license unless all of the requirements of section 56.04 have been met.

A licensed location must be open for business and examination purposes on a schedule provided to and approved by the commissioner. This schedule of regular business must be conspicuously posted at the licensed location.

**Subd. 2. Interactive kiosk locations.** Licensed locations providing limited services on an interactive telephone–customer service communications terminal are required to comply with paragraphs (a) to (c).

(a) The licensee must maintain business books, accounts, and records on a suitable alternative system of maintenance approved by the commissioner.

(b) The license required to be posted under section 56.05 may be displayed on the customer service communications terminal screen for a period of no less than 15 seconds.

(c) The full and accurate schedule of charges required by section 56.14, clause (5), may be displayed on the customer service communications terminal screen for no less than 20 seconds.

**History:** 1997 c 157 s 48

#### 56.10 EXAMINATIONS; INTERPRETIVE OPINIONS.

**Subdivision 1.** For the purpose of discovering violations of this chapter 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, investigate the loans and business and examine the books, accounts, records, and files used therein, of every licensee and of every person who shall be engaged in the business described in section 56.01, whether the person shall act or claim to act as principal or agent, or under or without the authority of this chapter. For that purpose the commissioner and a duly designated representative shall have free access to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all such persons. The commissioner and all persons duly designated 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 loan or the business or to the subject matter of any examination, investigation, or hearing. Upon written agreement with the licensee, the commissioner may conduct examinations applying the procedures for purposes of this subdivision and section 46.04, subdivision 1, to facilitate the qualifications of the licensee to participate in the United States Small Business Administration loan guarantee or similar programs.

Each licensee shall pay to the commissioner such amount as may be required under section 46.131, and the commissioner may maintain an action for the recovery of such costs in any court of competent jurisdiction.

[For text of subd 2, see M.S.1996]

**History:** 1997 c 157 s 49

### 56.131 MAXIMUM RATES AND CHARGES.

**Subdivision 1. Interest rates and charges.** (a) On any loan in a principal amount not exceeding \$100,000 or 15 percent of a Minnesota corporate licensee's capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, finance charges, and other charges as provided in section 47.59.

(b) Loans may be interest-bearing or precomputed.

(c) Notwithstanding section 47.59 to the contrary, to compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is 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 loans, a licensee may charge interest at the rate of 1/365 of the agreed annual rate for each actual day elapsed.

(d) With respect to interest-bearing loans and notwithstanding section 47.59:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (e), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(e) With respect to precomputed loans and notwithstanding section 47.59 to the contrary:

(1) Loans must be repayable in substantially equal and consecutive monthly installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under clause (7), may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid.

(5) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any oth-

er loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.

(6) A delinquency charge as provided for in section 47.59, subdivision 6, paragraph (a), clause (4).

(7) Grant extensions, deferments, or conversions to interest-bearing as provided in section 47.59, subdivision 5.

*[For text of subs 2 and 3, see M.S.1996]*

**Subd. 4. Adjustment of dollar amounts.** The dollar amounts in subdivisions 2 and 6, sections 53.04, subdivision 3a, paragraph (c), 56.01, 56.12, and 56.125 shall change periodically, as provided in section 47.59, subdivision 3.

*[For text of subs 5 and 6, see M.S.1996]*

**History:** 1997 c 157 s 50,51