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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-FIFTH  
SESSION

**HOUSE FILE No. 3511**

February 28, 2008

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The bill was read for the first time and referred to the Committee on Commerce and Labor

1.1 A bill for an act  
1.2 relating to financial institutions; regulating consumer small loan lender charges;  
1.3 amending Minnesota Statutes 2007 Supplement, section 47.60, subdivision 2.

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

1.5 Section 1. Minnesota Statutes 2007 Supplement, section 47.60, subdivision 2, is  
1.6 amended to read:

1.7 Subd. 2. **Authorization, terms, conditions, and prohibitions.** (a) ~~In lieu of the~~  
1.8 ~~interest, finance charges, or fees in any other law,~~ A consumer small loan lender may  
1.9 charge the following:

1.10 (1) on any amount up to and including \$50, a charge of \$5.50 may be added;

1.11 (2) on all other amounts ~~in excess of \$50, but not more than \$100, a charge may be~~  
1.12 ~~added equal to ten percent of the loan proceeds plus a \$5 administrative fee;~~

1.13 (3) ~~on amounts in excess of \$100, but not more than \$250, a charge may be~~  
1.14 ~~added equal to seven percent of the loan proceeds with a minimum of \$10 plus a \$5~~  
1.15 ~~administrative fee;~~

1.16 (4) ~~for amounts in excess of \$250 and not greater than the maximum in subdivision~~  
1.17 ~~1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a~~  
1.18 ~~minimum of \$17.50, interest not to exceed 36 percent, when expressed as an annual~~  
1.19 ~~percentage rate, plus a \$5 administrative fee.~~

1.20 (b) The term of a loan made under this section shall be for no more than 30 calendar  
1.21 days.

1.22 (c) After maturity, the contract rate must not exceed 2.75 percent per month of the  
1.23 remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly  
1.24 rate in the contract for each calendar day the balance is outstanding.

2.1 (d) No insurance charges or other charges must be permitted to be charged, collected,  
2.2 or imposed on a consumer small loan except as authorized in this section.

2.3 (e) On a loan transaction in which cash is advanced in exchange for a personal  
2.4 check, a return check charge may be charged as authorized by section 604.113, subdivision  
2.5 2, paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph  
2.6 (b), may not be demanded or assessed against the borrower.

2.7 (f) A loan made under this section must not be repaid by the proceeds of another  
2.8 loan made under this section by the same lender or related interest. The proceeds from a  
2.9 loan made under this section must not be applied to another loan from the same lender or  
2.10 related interest. No loan to a single borrower made pursuant to this section shall be split or  
2.11 divided and no single borrower shall have outstanding more than one loan with the result  
2.12 of collecting a higher charge than permitted by this section or in an aggregate amount of  
2.13 principal exceed at any one time the maximum of \$350.