

House Research Act Summary

CHAPTER: 40 (HF 648)

SESSION: 2013 Regular Session

TOPIC: Regulating use by lenders of motor vehicle titles of the borrower as collateral

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Section

1 Motor vehicle title loans.

Subd. 1. Definitions. Defines the terms “automobile dealer,” “banking institutions,” “consumer loan,” and “credit union.”

Subd. 2. Requirements. Requires that a lender who is not a pawnbroker and who uses a motor vehicle title as collateral for a consumer loan:

1. must be licensed by the Department of Commerce as an industrial loan and theft company or as a regulated lender under Chapter 56;
2. must comply with section 325J.095, which regulates motor vehicle title pawn transactions; and
3. may not demand or collect interest, fees, or other charges that exceed the amounts allowed under section 325J.07.

Subd. 3. Exemptions. Exempts banks, credit unions, automobile dealers, and any transactions that comply with the Motor Vehicle Retail Installment Sales Act.

Effective Date. August 1, 2013, for loans made on or after that date.