

The small loan problem. (1939) 27 C.L.R. 286.

Usury. Raymond B. McConlogue (1928) 1 So. Cal. L.R. 253.

Usury, remedies of borrower and defenses of lender. (1951) 39 C.L.R. 604.

NOTES OF DECISIONS

Amount of loan 4

Construction and application 2

Purpose 3

Validity 1

1. *Validity*

The Small Loan Act prohibiting an interest charge of more than 10 per cent. per annum and also denying a licensee the right to contract for or receive service or expense charges beyond actual outlay and limiting the aggregate amount of such interest and charges to 2½ per cent. per month on loans of less than \$100 and 2 per cent. on any remainder of an unpaid balance of principal in excess of that amount, is not invalid on ground that it discriminates between lenders charging different rates of interest on theory that the maximum limitation on the aggregate amounts which could be charged borrowers did not take into consideration variations in interest charges. *Ex parte Fuller* (1940) 102 P. 2d 321, 15 C. 2d 425.

The Small Loan Act limiting amounts which may be exacted for brokerage or other compensation paid to a third person or expense items such as appraisals, recording fees, insurance or similar charges is not invalid as in conflict with the usury law, an initiative measure, which restricts interest but leaves the Legislature supreme in all other fields of loan regulation. *Id.*

The Small Loan Act limiting amounts which may be charged for brokerage or other compensation paid to a third person or expense items such as appraisals, recording fees, insurance or similar charges, could not be held unconstitutional on theory that it deprives lender of right to collect legal costs authorized by usury law, an initiative measure, since the failure of the usury law to limit charges did not operate as a prohibition against any limitation being imposed upon charges. *Id.*

2. *Construction and application*

The Small Loan Act limiting interest to 10 per cent. per annum did not permit rate of interest greater than 10 per cent. allowed by Const. art. 20, § 22, because of provision that a month should be a period of 30 consecutive days and that the aggregate total of interest and charges should not exceed 2½ per cent. per month on the first \$100 of any loan and 2 per cent. per month on the remainder of loan. *Ex parte Fuller* (1940) 102 P.2d 321, 15 C.2d 425.

The Small Loan Act limiting amounts which may be exacted for brokerage or other compensation paid to a third person or expense items such as appraisals, recording fees, insurance or similar charges is not invalid as in conflict with the usury law, an initiative measure, which restricts interest but leaves the Legislature supreme in all other fields of loan regulation. *Id.*

3. *Purpose*

Brokerage or other compensation paid to a third person for procuring loan or expense items such as appraisals, recording fees, insurance or similar charges are proper subjects of regulation, and one purpose of the Small Loan Act was to limit the amounts which may be exacted therefor. *Ex parte Fuller* (1940) 102 P.2d 321, 15 C.2d 425.

4. *Amount of loan*

Small Loan Act may legally be amended to specifically limit the amount of interest and charges that may be exacted from borrowers on loans regardless of size. 9 Ops. Atty. Gen. 49.

Small Loan Act may legally be amended to specifically limit the amount of interest and charges that may be exacted from borrowers of amounts up to and including \$500, instead of \$300. *Id.*

Small Loan Act may legally be amended to specifically limit the amount of interest and charges exacted from a borrower of an amount in excess of \$300 to ten per cent. per annum permitting however, a rate of charge of 2½ per cent. per month for the first \$100 and two per cent. per month for the next \$200 of such loan. *Id.*