

BANK SMALL BUSINESS LOANS, CHAPTER 9A; SECS. 59.25-59.39, as added by Laws 1964, Ch. 162

Lenders.—Banks, except savings banks, organized under state law and national banks. (Sec. 17:9A-59.25)

Maximum Loans.—\$25,000 to small business concerns. (Sec. 17:9A-59.29, *as amended by Laws 1968, Ch. 36, approved and effective May 9, 1968.*) A small business concern is one whose latest fiscal year gross income is not more than \$1,000,000. (Sec. 17:9A-59.25)

Interest Charges.—A finance charge, computed on the sum borrowed for the full term of the loan is to be added to the amount of the sum borrowed according to the following schedule: \$6 per \$100 per year on loans not over \$5,500; \$5.50 per \$100 per year on the excess over \$5,500 to \$7,500; and \$5.00 per \$100 per year on the excess over \$7,500 to \$25,000. (Sec. 17:9A-59-27, *as amended by Laws 1968, Ch. 36, approved and effective May 9, 1968.*) Outstanding balances must be added to new loans for the purpose of computing finance charges. (Sec. 17:9A-59.29, *as amended by Law 1968, Ch. 36, approved and effective May 9, 1968.*)

Maximum Time.—5 years and 1 month. (Sec. 17:9A-59.28)

Payments and Refunds.—*Installments:* equal duration measured in terms of months with intervals not shorter than 1 month or longer than 3 months; equal amounts, except that the last instalment may not be more than \$1 more or less than the others; omissions of instalments, including the first instalment, may be provided for during any period not exceeding 93 days in any one 12 month period. *Prepayment:* allowed on the unpaid balance and a refund credit on the finance charge can not be less than an amount determined by the following formula: $C = AN \div D$ in which "C" represents the amount of the credit given; "A" represents the amount of the finance charge; "D" is determined by ascribing to each month included in the period for which the finance charge was computed, reckoning from the day upon which the loan was made, the cardinal number descriptive of the number of months scheduled, by the terms of the loan, to elapse from the beginning of each such month to the date to which the finance charge was computed, and the total of all the cardinal numbers so ascribed constitutes the quantity "D"; and "N" represents the difference between quantity "D" and the total of all the cardinal numbers ascribed to the months which have elapsed, in whole or in part, from the making of the loan, to the day upon which such repayment is made, or to the day upon which the maturity of the unpaid balance of such loan is accelerated, as the case may be. Minimum credit is \$5. (Sec. 17:9A-59.35)

Special Charges.—*Delinquency:* charge may be made of interest at the legal rate upon each instalment in arrears, for the period from the date of default to date when the instalment is paid, or to the date of acceleration, if such occurs; however, in lieu of interest, the note may provide for payment of a late charge on any instalment in arrears more than 10 days of 5% of such instalment or \$5, whichever is less; but, total late charges can not exceed \$25 in any one 12 month period, only one such late charge can be made on any one instalment, and no late charge can be made upon any instalment scheduled to fall due upon a date subsequent to the date upon which the maturity of the unpaid balance of the loan is accelerated, if such occurs. *Collection:* fee in addition to court costs, as follows: 15% on the first \$750, 10% on the excess over \$750; maximum fee is \$500. (Sec. 17:9A-59.31) *Insurance Premiums:* on credit life and property insurance of security. (Sec. 17:9A-59.33) *Investigation:* no provision. *Other:* acceleration fee upon default of any instalment at the legal rate of interest from the date of acceleration upon the difference between the unpaid principal balance and the amount of refund credit pursuant to the prepayment schedule; (Sec. 17:9A-59.32) filing and recording fees and a fee for security appraisal of the actual cost incurred or 1% of the loan, whichever is less. (Sec. 17:9A-59.30) No other charges may be made. (Sec. 17:9A-59.33)

Disclosure.—Notes evidencing a small business loan must contain a statement that the loan was made pursuant to this act. (Sec. 17:9A-59.36)

Penalty For Excessive Interest.—Forfeiture of entire finance charge; borrower may recover back twice the amount of the finance charge made within 2 years from the date of violation. (Sec. 17:9A-59.37)

Miscellaneous Provisions.—*Insurance:* property insurance can be required on collateral; credit life can be provided at the borrower's request pursuant to credit insurance provisions [see "Credit Insurance Chart" at ¶ 51]. (Sec. 17:9A-59.30)