

may issue a permit to cut such timber within one year from the date of sale under such supervision and provisions as the commissioner shall deem advisable. If the purchaser for good and sufficient reason is unable to cut the timber within the one-year period, an extension of time may be granted by the commissioner. Only one extension shall be granted and the extension shall not exceed one year. All cut timber, equipment, and buildings not removed from the land within 90 days after expiration of the permit shall become the property of the state. The commissioner of natural resources may grant an additional period of time not to exceed 120 days for the removal of cut timber, equipment, and buildings upon receipt of such request by the permit holder for good and sufficient reasons. The commissioner may grant a second period of time not to exceed 120 days for the removal of cut timber, equipment and buildings upon receipt of such request by the permit holder for hardship reasons only.

Sec. 3. **EFFECTIVE DATE.** This act is effective the day following its final enactment.

Approved March 28, 1978.

CHAPTER 641-H.F.No.1995

An act relating to credit life and accident and health insurance; requiring notice of right to cancel and receive refund upon prepayment of indebtedness; amending Minnesota Statutes, 1977 Supplement, Section 62B.05.

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

Section 1. Minnesota Statutes, 1977 Supplement, Section 62B.05, is amended to read:

62B.05 TERM OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE. The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to the indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and the evidence is furnished more than 30 days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in that event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of the insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor.

If an indebtedness is prepaid in full before its scheduled maturity, except by a new loan from or by refinancing by the same creditor and except by performance of the insurer's obligation under the policy; (a) any policy or certificate of insurance providing

Changes or additions indicated by underline deletions by ~~strikeout~~

credit life or credit accident and health benefits procured by or through a creditor and for which the premium has been paid by the debtor or debtors out of the proceeds of the indebtedness shall be cancelled upon surrender of the policy, certificate or other evidence, and a refund shall be paid or credited as provided in section 62B.08; and (b) the creditor then holding the evidence of indebtedness shall notify the debtor in writing of his right to surrender and cancel any outstanding policy of credit life or accident and health insurance procured by or through a creditor and to receive a refund if the unearned premium is \$3 or more. This notice shall be written in clear and conspicuous language. If the policy or certificate by its own terms terminates upon prepayment in full before its scheduled maturity date, it need not be surrendered but a refund shall be paid or credited as provided in section 62B.08.

If an indebtedness is prepaid in full before its scheduled maturity date by a new loan from or by refinancing by the same creditor through which the debtor or debtors procured a policy or certificate of credit life or credit accident and health insurance issued after August 1, 1977, the insurance shall be deemed cancelled if any new policy or certificate for the same type of insurance is issued in connection with the new loan or refinancing, and a refund shall be paid or credited as provided in section 62B.08. For the purposes of this subdivision, an assignee creditor and an assignor creditor shall not be construed to be the same creditor.

Approved March 28, 1978.

CHAPTER 642-H.F.No.1998

An act relating to commerce; credit unions; modifying reserve fund requirements; amending Minnesota Statutes 1976, Section 52.17.

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

Section 1. Minnesota Statutes 1976, Section 52.17, is amended to read:

52.17 **RESERVE FUND.** Every credit union shall maintain a reserve fund, which shall be used as a reserve against bad loans and other losses, and shall not be used to pay expenses of the credit union or otherwise distributed, except in case of liquidation. ~~All entrance fees, if any, fines, and each year, before the declaration of a dividend, ten percent of the gross earnings, shall be set aside as a reserve fund against bad loans and other losses. When the reserve fund equals 7 1/2 percent of the outstanding loans to members and risk assets, excluding loans to other credit unions, five percent of gross earnings shall be set aside in the reserve fund. When the reserve fund equals ten percent of the outstanding loans and risk assets, no further transfer of gross earnings to the reserve fund shall be required. If the reserve fund becomes less than ten percent of the outstanding loans to members and risk assets then the schedule of allocation to the reserve fund shall apply until the ten percent ratio of reserves to loans outstanding to members and risk assets is again established. At the end of each monthly accounting period the gross income shall be determined. From this amount, there shall be set aside,~~

Changes or additions indicated by underline deletions by ~~strikeout~~