

1 *Senate* BILL NO. *215*  
 2 INTRODUCED BY *LYNCH* *Robin Fashender*  
 3 *Dumble* *Eric Gueby*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS  
 5 47-202, 47-204, 47-205, 47-214, AND 47-215, R.C.M. 1947,  
 6 BEING SECTIONS OF THE MONTANA CONSUMER LOAN ACT, PERMITTING  
 7 LICENSES THEREUNDER TO MAKE LOANS NOT EXCEEDING \$7,500."

8  
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 47-202, R.C.M. 1947, is amended to  
 11 read as follows:

12 "47-202. Definitions. Unless otherwise clearly  
 13 indicated by the context, the following words when used in  
 14 this act, for the purposes of this act, shall have the  
 15 meanings respectively ascribed to them in this section:

16 (a) "Person" shall mean individuals, partnerships,  
 17 associations, corporations and any and all legal entities in  
 18 the loaning business.

19 (b) "License" shall mean one or both of the licenses  
 20 provided for by this act.

21 (c) "Licensee" shall mean the person holding any such  
 22 license.

23 (d) "Commissioner" shall mean the consumer loan  
 24 commissioner.

25 (e) "Consumer type loan business" shall mean the

1 business of making loans of ~~two~~ seven thousand five hundred  
 2 dollars ~~(\$2,500)~~ (\$7,500) or less generally repayable in  
 3 substantially equal installments."

4 Section 2. Section 47-204, R.C.M. 1947, is amended to  
 5 read as follows:

6 "47-204. Scope--exemptions--invalidity of contracts in  
 7 violation. (a) Scope; prohibiting engaging in the business  
 8 of making loans of ~~two~~ seven thousand five hundred dollars  
 9 ~~(\$2,500)~~ (\$7,500) or less, except after having obtained a  
 10 license; exemptions. On or after July 1, 1959, no person  
 11 shall engage in the business of making loans or advances of  
 12 money on credit in amounts of ~~two~~ seven thousand five  
 13 hundred dollars ~~(\$2,500)~~ (\$7,500) or less and contract for,  
 14 charge, or receive directly or indirectly on or in  
 15 connection with any such loan or advance, any charges  
 16 whether for interest, compensation, consideration, or  
 17 expense which in the aggregate are greater than ten per cent  
 18 (10%) per annum, except as provided in and authorized by  
 19 this act. A person doing business under the authority of  
 20 this state or the United States relating to banks, trust  
 21 companies, savings or building and loan associations, credit  
 22 unions, Morris Plan companies, or a person engaged in  
 23 business as a licensed pawnbroker, or any person who shall  
 24 extend credit in connection with the sale of a commodity  
 25 shall not become a licensee under this act, nor shall any of

1 the provisions of this act apply to any such exempted  
2 person.

3 (b) Evasions. The provisions of subsection (a) shall  
4 apply to any person who seeks to evade its applications by  
5 any device, subterfuge or pretense whatsoever.

6 (c) Invalidity; penalty. Any contract of loan in the  
7 making or collection of which any act shall have been done  
8 which violates subsection (a) of this section shall be void  
9 and the lender shall have no right to collect, receive or  
10 retain any principal, interest, or charges whatsoever."

11 Section 3. Section 47-205, R.C.M. 1947, is amended to  
12 read as follows:

13 "47-205. When loans in excess of \$1,000 by licensee  
14 ~~prohibited--supplementary license to make loans up to \$2,500~~  
15 \$7,500. No licensee under the provisions of this act shall  
16 lend money in a total sum greater than one thousand dollars  
17 (\$1,000) to any borrower or to any borrower and spouse  
18 except under the following circumstances and for the  
19 following charges: When any person holding a license  
20 provided for in section 47-206 desires to make loans for any  
21 amount in excess of one thousand dollars (\$1,000) but not  
22 exceeding two seven thousand five hundred dollars ~~(\$2,500)~~  
23 (\$7,500) the holder of such license provided for in section  
24 47-206 may apply to the commissioner for a supplementary  
25 license and pay therefor an additional license fee of

1 seventy-five dollars (\$75) per calendar year or one-half  
2 (1/2) of said sum for any period less than six (6) months.  
3 The commissioner shall grant, upon application, a  
4 supplementary license to a holder of a license provided for  
5 in section 47-206. Section 47-209 shall be applicable as to  
6 time of payment of supplementary license fee and penalty for  
7 failure to pay the same. The holder of a supplementary  
8 license may contract for and receive charges at rates  
9 authorized for licensees in section 47-210 for the first one  
10 thousand dollars (\$1,000) of the principal amount of any  
11 loan and may contract for and receive charges at rates not  
12 in excess of ten dollars (\$10) per year per one hundred  
13 dollars (\$100) on that part of the principal amount of any  
14 loan exceeding one thousand dollars (\$1,000) but not  
15 exceeding two seven thousand five hundred dollars ~~(\$2,500)~~  
16 (\$7,500). Said charges shall be computed at the applicable  
17 rates on the full, original principal amount of the loan  
18 from the date of the loan to the due date of the final  
19 scheduled installment irrespective of the fact that the loan  
20 is payable in installments. Said charges shall be added to  
21 the principal of the loan and shall not be discounted or  
22 deducted therefrom nor paid or received at the time the loan  
23 is made. For the purpose of computing charges for a fraction  
24 of a month, a day shall be considered one-thirtieth (1/30)  
25 of a month. Provisions of section 47-210 relating to

1 refunds, fees and charges and the other provisions of this  
2 act not inconsistent with this section shall be applicable  
3 to loans made under authority of a supplementary license."

4 Section 4. Section 47-214, R.C.M. 1947, is amended to  
5 read as follows:

6 "47-214. Insurance written with loans--types and  
7 limitation thereon--delivery of insurance policy. (a) No  
8 insurance of any kind shall be written by a licensee, or  
9 employee, affiliate or associate of the licensee in  
10 connection with any loan except as hereinafter provided.

11 (b) Insurance permitted under the provisions of this  
12 section shall be obtained through an insurance company  
13 authorized to conduct such business in Montana by a duly  
14 licensed agent or agency of this state. Premiums shall not  
15 exceed those fixed by law or current applicable manual  
16 rates. Insurance written, as authorized by this section, may  
17 contain a mortgagee clause or other appropriate provisions  
18 to protect the insurable interest of the licensee.

19 (c) Property insurance. When the principal amount of  
20 the loan exceeds three hundred dollars (\$300) exclusive of  
21 the portion thereof attributable to insurance premiums and  
22 charges, the licensee may require a borrower to insure  
23 property offered as security against any substantial risk of  
24 loss, damage or destruction for an amount not to exceed the  
25 reasonable value of the property insured or the amount of

1 the loan, whichever is smaller, and for the customary term  
2 approximating the term of the loan contract. It shall be  
3 optional with the borrower to obtain such insurance in an  
4 amount greater than the amount of the loan or for a longer  
5 term.

6 (d) Credit life insurance and credit disability  
7 insurance. Subject to the laws of this state, credit life  
8 insurance and credit disability insurance may be provided at  
9 the expense of the borrower and may be provided by a  
10 licensee upon the request of the borrower when the principal  
11 amount of the loan exceeds three hundred dollars (\$300)  
12 exclusive of the portion thereof attributable to insurance  
13 premiums and charges. If any loan shall include amounts  
14 advanced for insurance premiums and charges such loan shall  
15 not in any event exceed ~~two~~ seven thousand five hundred  
16 dollars ~~(\$2,500)~~ (\$7,500).

17 (e) The insurance authorized by this section may be  
18 sold, obtained or provided by or through a licensee and the  
19 premium or identifiable charge for the insurance may be  
20 included in the principal amount of the loan; provided,  
21 however, that no licensee shall require a borrower to  
22 purchase such insurance from such licensee or from any  
23 particular agent, broker or insurance company as a condition  
24 precedent for the obtaining of a loan. Any gain or advantage  
25 to the licensee or any employee, affiliate or associate of

1 the licensee from the sale, provision or obtaining of  
2 insurance as authorized by this section shall not be deemed  
3 to be additional charges or a violation of this act.

4 A licensee shall not require insurance under this  
5 section until any existing insurance of the same type has  
6 expired or has been canceled and the unearned portion of the  
7 premium for the canceled insurance has been rebated to the  
8 borrower."

9 Section 5. Section 47-215, R.C.M. 1947, is amended to  
10 read as follows:

11 "47-215. Investigations, when--who may be  
12 investigated. The commissioner or his duly authorized  
13 representatives may at any time investigate any transaction  
14 with borrowers and may examine the books, accounts and  
15 records in this state to discover violations of this act by  
16 (1) any licensee (2) any person who advertises for, solicits  
17 or holds himself as willing to make loans in amounts of ~~two~~  
18 seven thousand five hundred dollars ~~(~~\$2,500~~)~~ (\$7,500) or  
19 less, or (3) any person whom the commissioner has reason to  
20 believe is violating or is about to violate the provisions  
21 of this act."

-End-

Approved by Committee  
on Business and Industry

*Senate* BILL NO. *215*

INTRODUCED BY *L. LYNCH* *Reddie Fashender*  
*Dwight* *Tom Gately*

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(b) "License" shall mean one or both of the licenses  
provided for by this act.

(c) "Licensee" shall mean the person holding any such  
license.

(d) "Commissioner" shall mean the consumer loan  
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(e) "Consumer type loan business" shall mean the

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Section 2. Section 47-204, R.C.M. 1947, is amended to  
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hundred dollars ~~(\$2,500)~~ (\$7,500) or less and contract for,  
charge, or receive directly or indirectly on or in  
connection with any such loan or advance, any charges  
whether for interest, compensation, consideration, or  
expense which in the aggregate are greater than ten per cent  
(10%) per annum, except as provided in and authorized by  
this act. A person doing business under the authority of  
this state or the United States relating to banks, trust  
companies, savings or building and loan associations, credit  
unions, Morris Plan companies, or a person engaged in  
business as a licensed pawnbroker, or any person who shall  
extend credit in connection with the sale of a commodity  
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1 the provisions of this act apply to any such exempted  
2 person.

3 (b) Evasions. The provisions of subsection (a) shall  
4 apply to any person who seeks to evade its applications by  
5 any device, subterfuge or pretense whatsoever.

6 (c) Invalidity; penalty. Any contract of loan in the  
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8 which violates subsection (a) of this section shall be void  
9 and the lender shall have no right to collect, receive or  
10 retain any principal, interest, or charges whatsoever."

11 Section 3. Section 47-205, R.C.M. 1947, is amended to  
12 read as follows:

13 "47-205. When loans in excess of \$1,000 by licensee  
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15 \$7,500. No licensee under the provisions of this act shall  
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17 (\$1,000) to any borrower or to any borrower and spouse  
18 except under the following circumstances and for the  
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20 provided for in section 47-206 desires to make loans for any  
21 amount in excess of one thousand dollars (\$1,000) but not  
22 exceeding two seven thousand five hundred dollars ~~(\$2,500)~~  
23 (\$7,500) the holder of such license provided for in section  
24 47-206 may apply to the commissioner for a supplementary  
25 license and pay therefor an additional license fee of

1 seventy-five dollars (\$75) per calendar year or one-half  
2 (1/2) of said sum for any period less than six (6) months.  
3 The commissioner shall grant, on application, a  
4 supplementary license to a holder of a license provided for  
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12 in excess of ten dollars (\$10) per year per one hundred  
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15 exceeding two seven thousand five hundred dollars ~~(\$2,500)~~  
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19 scheduled installment irrespective of the fact that the loan  
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23 is made. For the purpose of computing charges for a fraction  
24 of a month, a day shall be considered one-thirtieth (1/30)  
25 of a month. Provisions of section 47-210 relating to

1 refunds, fees and charges and the other provisions of this  
2 act not inconsistent with this section shall be applicable  
3 to loans made under authority of a supplementary license."

4 Section 4. Section 47-214, R.C.M. 1947, is amended to  
5 read as follows:

6 "47-214. Insurance written with loans--types and  
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8 insurance of any kind shall be written by a licensee, or  
9 employee, affiliate or associate of the licensee in  
10 connection with any loan except as hereinafter provided.

11 (b) Insurance permitted under the provisions of this  
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13 authorized to conduct such business in Montana by a duly  
14 licensed agent or agency of this state. Premiums shall not  
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25 reasonable value of the property insured or the amount of

1 the loan, whichever is smaller, and for the customary term  
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7 insurance. Subject to the laws of this state, credit life  
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17 (e) The insurance authorized by this section may be  
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19 premium or identifiable charge for the insurance may be  
20 included in the principal amount of the loan; provided,  
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23 particular agent, broker or insurance company as a condition  
24 precedent for the obtaining of a loan. Any gain or advantage  
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1 the licensee from the sale, provision or obtaining of  
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4 A licensee shall not require insurance under this  
5 section until any existing insurance of the same type has  
6 expired or has been canceled and the unearned portion of the  
7 premium for the canceled insurance has been rebated to the  
8 borrower."

9 Section 5. Section 47-215, R.C.M. 1947, is amended to  
10 read as follows:

11 "47-215. Investigations, when--who may be  
12 investigated. The commissioner or his duly authorized  
13 representatives may at any time investigate any transaction  
14 with borrowers and may examine the books, accounts and  
15 records in this state to discover violations of this act by  
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17 or holds himself as willing to make loans in amounts of ~~two~~  
18 seven thousand five hundred dollars ~~(\$2,500)~~ (\$7,500) or  
19 less, or (3) any person whom the commissioner has reason to  
20 believe is violating or is about to violate the provisions  
21 of this act."

-End-



1 *Senate* BILL NO. *215*  
 2 INTRODUCED BY *LYNCH* *Radio Assembler*  
 3 *Dumble* *Eric Gueley*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS  
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1 SENATE BILL NO. 215

2 INTRODUCED BY LYNCH, ROSKIE, FASBENDER,

3 DUNKLE, TOWE, GREELY

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7 BEING SECTIONS OF THE MONTANA CONSUMER LOAN ACT, PERMITTING  
8 LICENSEES THEREUNDER TO MAKE LOANS NOT EXCEEDING \$7,500."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 47-202, R.C.M. 1947, is amended to  
12 read as follows:

13 "47-202. Definitions. Unless otherwise clearly  
14 indicated by the context, the following words when used in  
15 this act, for the purposes of this act, shall have the  
16 meanings respectively ascribed to them in this section:

17 (a) "Person" shall mean individuals, partnerships,  
18 associations, corporations and any and all legal entities in  
19 the loaning business.

20 (b) "License" shall mean one or both of the licenses  
21 provided for by this act.

22 (c) "Licensee" shall mean the person holding any such  
23 license.

24 (d) "Commissioner" shall mean the consumer loan  
25 commissioner.

1 (e) "Consumer type loan business" shall mean the  
2 business of making loans of ~~two~~ seven thousand five hundred  
3 dollars ~~(\$2,500)~~ (\$7,500) or less generally repayable in  
4 substantially equal installments."

5 Section 2. Section 47-204, R.C.M. 1947, is amended to  
6 read as follows:

7 "47-204. Scope--exemptions--invalidity of contracts in  
8 violation. (a) Scope; prohibiting engaging in the business  
9 of making loans of ~~two~~ seven thousand five hundred dollars  
10 ~~(\$2,500)~~ (\$7,500) or less, except after having obtained a  
11 license; exemptions. On or after July 1, 1959, no person  
12 shall engage in the business of making loans or advances of  
13 money on credit in amounts of ~~two~~ seven thousand five  
14 hundred dollars ~~(\$2,500)~~ (\$7,500) or less and contract for,  
15 charge, or receive directly or indirectly on or in  
16 connection with any such loan or advance, any charges  
17 whether for interest, compensation, consideration, or  
18 expense which in the aggregate are greater than ten per cent  
19 (10%) per annum, except as provided in and authorized by  
20 this act. A person doing business under the authority of  
21 this state or the United States relating to banks, trust  
22 companies, savings or building and loan associations, credit  
23 unions, Morris Plan companies, or a person engaged in  
24 business as a licensed pawnbroker, or any person who shall  
25 extend credit in connection with the sale of a commodity

1 shall not become a licensee under this act, nor shall any of  
2 the provisions of this act apply to any such exempted  
3 person.

4 (b) Evasions. The provisions of subsection (a) shall  
5 apply to any person who seeks to evade its applications by  
6 any device, subterfuge or pretense whatsoever.

7 (c) Invalidity; penalty. Any contract of loan in the  
8 making or collection of which any act shall have been done  
9 which violates subsection (a) of this section shall be void  
10 and the lender shall have no right to collect, receive or  
11 retain any principal, interest, or charges whatsoever."

12 Section 3. Section 47-205, R.C.M. 1947, is amended to  
13 read as follows:

14 "47-205. When loans in excess of \$1,000 by licensee  
15 prohibited--supplementary license to make loans up to ~~\$2,500~~  
16 \$7,500. No licensee under the provisions of this act shall  
17 lend money in a total sum greater than one thousand dollars  
18 (\$1,000) to any borrower or to any borrower and spouse  
19 except under the following circumstances and for the  
20 following charges: When any person holding a license  
21 provided for in section 47-206 desires to make loans for any  
22 amount in excess of one thousand dollars (\$1,000) but not  
23 exceeding ~~two seven~~ thousand five hundred dollars ~~(\$2,500)~~  
24 (\$7,500) the holder of such license provided for in section  
25 47-206 may apply to the commissioner for a supplementary

1 license and pay therefor an additional license fee of  
2 seventy-five dollars (\$75) per calendar year or one-half  
3 (1/2) of said sum for any period less than six (6) months.  
4 The commissioner shall grant, on application, a  
5 supplementary license to a holder of a license provided for  
6 in section 47-206. Section 47-209 shall be applicable as to  
7 time of payment of supplementary license fee and penalty for  
8 failure to pay the same. The holder of a supplementary  
9 license may contract for and receive charges at rates  
10 authorized for licensees in section 47-210 for the first one  
11 thousand dollars (\$1,000) of the principal amount of any  
12 loan and may contract for and receive charges at rates not  
13 in excess of ten dollars (\$10) per year per one hundred  
14 dollars (\$100) on that part of the principal amount of any  
15 loan exceeding one thousand dollars (\$1,000) but not  
16 exceeding ~~two seven~~ thousand five hundred dollars ~~(\$2,500)~~  
17 (\$7,500). Said charges shall be computed at the applicable  
18 rates on the full, original principal amount of the loan  
19 from the date of the loan to the due date of the final  
20 scheduled installment irrespective of the fact that the loan  
21 is payable in installments. Said charges shall be added to  
22 the principal of the loan and shall not be discounted or  
23 deducted therefrom nor paid or received at the time the loan  
24 is made. For the purpose of computing charges for a fraction  
25 of a month, a day shall be considered one-thirtieth (1/30)

1 of a month. Provisions of section 47-210 relating to  
 2 refunds, fees and charges and the other provisions of this  
 3 act not inconsistent with this section shall be applicable  
 4 to loans made under authority of a supplementary license."

5 Section 4. Section 47-214, R.C.M. 1947, is amended to  
 6 read as follows:

7 "47-214. Insurance written with loans--types and  
 8 limitation thereon--delivery of insurance policy. (a) No  
 9 insurance of any kind shall be written by a licensee, or  
 10 employee, affiliate or associate of the licensee in  
 11 connection with any loan except as hereinafter provided.

12 (b) Insurance permitted under the provisions of this  
 13 section shall be obtained through an insurance company  
 14 authorized to conduct such business in Montana by a duly  
 15 licensed agent or agency of this state. Premiums shall not  
 16 exceed those fixed by law or current applicable manual  
 17 rates. Insurance written, as authorized by this section, may  
 18 contain a mortgagee clause or other appropriate provisions  
 19 to protect the insurable interest of the licensee.

20 (c) Property insurance. When the principal amount of  
 21 the loan exceeds three hundred dollars (\$300) exclusive of  
 22 the portion thereof attributable to insurance premiums and  
 23 charges, the licensee may require a borrower to insure  
 24 property offered as security against any substantial risk of  
 25 loss, damage or destruction for an amount not to exceed the

1 reasonable value of the property insured or the amount of  
 2 the loan, whichever is smaller, and for the customary term  
 3 approximating the term of the loan contract. It shall be  
 4 optional with the borrower to obtain such insurance in an  
 5 amount greater than the amount of the loan or for a longer  
 6 term.

7 (d) Credit life insurance and credit disability  
 8 insurance. Subject to the laws of this state, credit life  
 9 insurance and credit disability insurance may be provided at  
 10 the expense of the borrower and may be provided by a  
 11 licensee upon the request of the borrower when the principal  
 12 amount of the loan exceeds three hundred dollars (\$300)  
 13 exclusive of the portion thereof attributable to insurance  
 14 premiums and charges. If any loan shall include amounts  
 15 advanced for insurance premiums and charges such loan shall  
 16 not in any event exceed ~~two~~ seven thousand five hundred  
 17 dollars ~~(\$2,500)~~ (\$7,500).

18 (e) The insurance authorized by this section may be  
 19 sold, obtained or provided by or through a licensee and the  
 20 premium or identifiable charge for the insurance may be  
 21 included in the principal amount of the loan; provided,  
 22 however, that no licensee shall require a borrower to  
 23 purchase such insurance from such licensee or from any  
 24 particular agent, broker or insurance company as a condition  
 25 precedent for the obtaining of a loan. Any gain or advantage

1 to the licensee or any employee, affiliate or associate of  
2 the licensee from the sale, provision or obtaining of  
3 insurance as authorized by this section shall not be deemed  
4 to be additional charges or a violation of this act.

5 A licensee shall not require insurance under this  
6 section until any existing insurance of the same type has  
7 expired or has been canceled and the unearned portion of the  
8 premium for the canceled insurance has been rebated to the  
9 borrower."

10 Section 5. Section 47-215, R.C.M. 1947, is amended to  
11 read as follows:

12 \*47-215. Investigations, when--who may be  
13 investigated. The commissioner or his duly authorized  
14 representatives may at any time investigate any transaction  
15 with borrowers and may examine the books, accounts and  
16 records in this state to discover violations of this act by  
17 (1) any licensee (2) any person who advertises for, solicits  
18 or holds himself as willing to make loans in amounts of ~~two~~  
19 seven thousand five hundred dollars ~~(\$2,500)~~ (\$7,500) or  
20 less, or (3) any person whom the commissioner has reason to  
21 believe is violating or is about to violate the provisions  
22 of this act."

-End-