

State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **2227**

02/13/2012 Authored by Anderson, D., Hoppe, Davids, Schomacker, Sanders and others

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

02/20/2012 Adoption of Report: Pass as Amended and Read Second Time

1.1 A bill for an act
 1.2 relating to financial institutions; clarifying state bank closures for holidays;
 1.3 making changes in state bank lending limits to comply with federal law;
 1.4 repealing obsolete language relating to deposits payable on demand; amending
 1.5 Minnesota Statutes 2010, sections 47.015, subdivision 2; 48.24, subdivision 1;
 1.6 repealing Minnesota Statutes 2010, sections 48.50; 48.51.

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

1.8 Section 1. Minnesota Statutes 2010, section 47.015, subdivision 2, is amended to read:

1.9 Subd. 2. **Saturday; Monday following holiday.** Any financial institution in the
 1.10 state may remain closed on any ~~Saturday and on any~~ Monday next following a Sunday
 1.11 on which falls a holiday designated by any law of this state and on any Saturday next
 1.12 following a Friday holiday or preceding a Sunday or Monday holiday. Any such Saturday
 1.13 or any such Monday on which any financial institution remains closed is a holiday and
 1.14 not a business day with respect to that institution. Any act which by law or contract may
 1.15 be performed on any such Saturday or any such Monday, at, by, or with respect to any
 1.16 such financial institution remaining closed on such day may be performed on the next
 1.17 succeeding regular business day. No liability or loss of rights on the part of any person or
 1.18 financial institution shall result from such closing.

1.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.20 Sec. 2. Minnesota Statutes 2010, section 48.24, subdivision 1, is amended to read:

1.21 Subdivision 1. **Total liabilities of any individual.** The total liabilities to any such
 1.22 bank, as principal, guarantor or endorser of any individual, including the liabilities of
 1.23 any corporation or limited liability company in which the individual owns or controls a
 1.24 majority interest, any partnership, unincorporated association, limited liability company,

2.1 or corporation, including the liabilities of the several members of an unincorporated
2.2 association and including the liabilities of the general partners but not the limited
2.3 partners of a partnership, and in case of a corporation or limited liability company, of
2.4 all subsidiaries thereof in which such corporation or limited liability company owns or
2.5 controls a majority interest, shall never exceed 20 percent of ~~its~~ the bank's capital actually
2.6 paid in cash and of its actual surplus fund, except that obligations not to exceed 25 percent
2.7 of said capital and surplus to any one borrower shall not be included as liabilities for the
2.8 purposes of this section, but shall be liabilities of the borrowers, provided they are secured
2.9 by not less than a like amount of any one of the various types of obligations of the United
2.10 States or which are fully guaranteed as to principal and interest by the United States, and
2.11 providing that such bonds or obligations have a market value of at least ten percent in
2.12 excess of the amount loaned thereon at the time each loan is made.

2.13 Liabilities include any credit exposure to an individual arising from a derivative
2.14 transaction. The term "derivative transaction" includes any transaction that is a contract,
2.15 agreement, swap, or note that is based, in whole or in part, on the value of, any interest
2.16 in, or any quantitative measure or the occurrence of any event relating to, one or more
2.17 currencies, interest or other rates, or interest rate indices, and that is subject to regulation
2.18 by the commissioner of commerce.

2.19 For the purpose of this section the members of a family living together in one
2.20 household, if borrowed funds are to be used in the conduct of a common enterprise, shall
2.21 be regarded as one person and the total liabilities of the members of the family shall be
2.22 limited as herein provided. The endorser or guarantor of any obligation which is exempt
2.23 from loaning limits according to the provisions of this section shall also be exempt from
2.24 such loaning limits to the extent of the amount of liability on such obligations for the
2.25 purposes of this section but shall be liable thereon. Individual extensions of credit which
2.26 result in liabilities of individuals, corporations, or limited liability companies exceeding
2.27 the limitations set forth in this section shall be construed to conform to the provisions of
2.28 this subdivision upon reduction in an amount sufficient to reduce the total liability to not
2.29 more than the legal amount, but until paid in full shall not exempt the officer or employee
2.30 of the bank from being personally liable to the bank for the amount of the original excess
2.31 portion of the loan as set forth in subdivision 8.

2.32 **EFFECTIVE DATE.** This section is effective January 21, 2013.

2.33 Sec. 3. **REPEALER; OBSOLETE LAWS RELATING TO DEMAND DEPOSITS.**

2.34 Minnesota Statutes 2010, sections 48.50; and 48.51, are repealed.

3.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

APPENDIX
Repealed Minnesota Statutes: H2227-1

48.50 DEMAND DEPOSITS; INTEREST.

No bank shall, directly or indirectly, by any device, pay any interest on any deposit which is payable on demand.

48.51 DEMAND DEPOSITS DEFINED.

For the purpose of this section and section 48.50, all deposits are payable on demand except:

(1) Those deposits which are evidenced by a negotiable or nonnegotiable instrument which provides on its face that the amount of the deposit is payable:

(a) on a certain date, specified in the instrument, not less than 14 days after the date of the deposit; or (b) at the expiration of a specified period not less than 14 days after the date of the instrument; or (c) upon written notice to be given not less than 14 days before the date of repayment.

(2) Those deposits which may not be withdrawn within 14 days of the making thereof.

(3) Those deposits which may not be withdrawn within 14 days of the giving of notice of an intended withdrawal.

(4) Those deposits in which the above 14-day minimums are in conflict with federal law or regulations.