

MINNESOTA STATUTES 1979 SUPPLEMENT

BANKS, TRUST COMPANIES 48.152

CHAPTER 48. BANKS, TRUST COMPANIES

Sec. 48.152	State bank acquisition and leasing of personal property.	Sec. 48.185 48.48	Open end loan account arrangements. Reports to commissioner.
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48.152 State bank acquisition and leasing of personal property.

Subdivision 1. A state bank may acquire and lease or participate in the acquisition and leasing of personal property to customers, and may incur such additional obligations as may be incidental to becoming an owner and lessor of such property, subject to the rules of the commissioner and the conditions specified in this section.

Subd. 2. The property must be acquired upon the specific request of and for the use of a customer.

Subd. 3. The lease may not be an operating lease, but must be a "net" lease wherein the bank retains no obligation for maintenance or operation of the property.

Subd. 4. The lease must be a full-payout, noncancellable obligation of the lessee serving the same purpose as other forms of bank financing. For the purposes of this subdivision a full-payout lease is one in which the lessor will realize from the transaction a return of its full investment in the leased property plus the estimated cost to it of financing the property over the term of the lease in rentals, estimated tax benefits, and the estimated residual value of the property at the expiration of the initial term of the lease. In all instances where the bank estimates and uses the residual value of leased property to satisfy the requirements of a full-payout lease, the estimated value must be reasonable so that the bank's primary risk in the overall transaction depends on the credit worthiness of the lessee and not market value of the leased item; provided, that in no event shall the estimated residual value exceed 25 percent of the original cost of the property to the lessor. As an alternative to this test, residual values may be set at any level where the bank receives a guarantee of the residual value from the manufacturer, the lessee, or any third party which is not an affiliate of the bank, and where it has determined that the guarantor has the resources to meet the guarantee. Selection of residual values at unreasonable levels shall be considered an unsafe and unsound banking practice if it cannot be shown that, at the time of such selection, the bank made a good faith effort to be accurate and reasonable.

For purposes of leasing to government entities "full-payout" calculations may be based on reasonably anticipated future renewals.

If, in good faith, the bank believes that there has been a significant unanticipated change in conditions which threatens its financial position by increasing its exposure to loss, and, if its interest in the property is sufficient to justify action, the limitation contained in subdivision 3 shall not prevent the bank from taking any reasonable and appropriate action to salvage or protect the value of the property to prevent loss.

Subd. 5. The terms of the lease shall require periodic rental payments to be made at least annually.

Subd. 6. The terms of the lease shall establish a rental payment schedule by which no individual rental payment shall exceed the average rental payment by more than 50 percent, the average rental payment to be computed by dividing the total dollar amount of rental payments to be made over the term of the lease by the number of payments to be made.

Subd. 7. Except upon the written approval of the commissioner, the term of the lease shall not exceed 12 years, 32 days.

Subd. 8. The total amount of unpaid rental obligations of a customer to a bank on personal property, shall constitute a liability of the customer within the meaning of section 48.24, subdivision 1.

Subd. 9. No state bank shall lease personal property, directly or indirectly, to any of its directors, officers, stockholders, or employees.

Subd. 10. The total amount of unpaid rental obligations to be paid to the bank on personal property, shall not exceed 200 percent of the sum of the bank's capital actually paid in cash and its actual surplus fund.

{ 1979 c 321 s 1 }

MINNESOTA STATUTES 1979 SUPPLEMENT

48.185 BANKS, TRUST COMPANIES

48.185 Open end loan account arrangements.

[For text of subd 1, see M.S.1978]

Subd. 2. No savings bank shall extend credit for any purposes other than personal, family or household purposes, nor shall it extend credit to any person other than a natural person.

Subd. 3. A bank or savings bank may collect a periodic rate of finance charge in connection with extensions of credit pursuant to this section, which rate does not exceed one percent per month or, with respect to open-end credit extended in use of a bank credit card, if no annual charge is imposed pursuant to subdivision 4, clause (a), one and one-half percent per month, computed on an amount no greater than the average daily balance of the account during each monthly billing cycle. Notwithstanding variations from cycle to cycle, a billing cycle is "monthly" for purposes of this section if the average length of 12 successive billing cycles is not less than 30 or more than 32 days. If the billing cycle is other than monthly, the maximum finance charge for that billing cycle shall be that percentage which bears the same relation to one percent or, if applicable, to one and one-half percent as the number of days in the billing cycle bears to 30.

[For text of subd 4, see M.S.1978]

Subd. 4a. Any bank or savings bank that operates a bank credit card program providing for a periodic finance charge not to exceed 1-1/2 percent per month with no additional annual charge shall also have available to the debtor a plan providing for a periodic finance charge not to exceed one percent per month with an additional annual charge of up to \$15 per year. Any bank or savings bank that operates more than one bank credit card program may comply with this subdivision by having available to the debtor under at least one bank credit card program a plan providing for a periodic finance charge not to exceed one percent per month and an additional charge of up to \$15 per year and under at least one other bank credit card program a plan providing for a periodic charge not to exceed 1-1/2 percent per month with no additional annual charge.

[For text of subs 5 to 7, see M.S.1978]

[1979 c 101 s 1-3]

48.48 Reports to commissioner.

Subdivision 1. At least three times in each year, and at any other time when so requested by the commissioner, every bank shall, within fifteen days of the date of notice, make and transmit to him, in such form as he shall prescribe, a report, verified by its president or vice-president and by its cashier, and attested by at least two of its directors, stating in detail, under appropriate heads, as required by the commissioner, its assets and liabilities at the close of business on the day specified in the request. This statement shall be published once at the expense of the bank in a newspaper serving the municipality or town in which the bank is located. The newspaper shall be published in the county in which the bank is located or in an adjoining county. Proof of publication shall be filed with the commissioner immediately after publication of the report. For the purposes of this subdivision a newspaper serves a municipality or town if it meets the qualifications of section 331.02, subdivision 1, clause (4).

[For text of subd 2, see M.S.1978]

[1979 c 98 s 1]

CHAPTER 50. SAVINGS BANKS

Sec.
50.1465 Service corporations.