

arrested shall escape from or be out of the county, city, town, or village in which such authority originated, the officer having such authority shall have power to pursue and apprehend the person to be arrested anywhere in this state.

Approved April 19, 1927.

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CHAPTER 257—H. F. No. 1271.

*An act relating to banks and trust companies, limiting the power and authority of the officers and employes thereof to borrow money and to pledge the assets thereof, and restricting loans on real estate.*

Be it enacted by the Legislature of the State of Minnesota :

**Section 1. Banks may not pledge assets—exceptions.**—No bank or trust company shall pledge, hypothecate, assign, transfer or create a lien upon or charge against any of its assets except to secure public deposits or to secure money borrowed in good faith from other banks or trust companies; provided, that this section shall not be construed to permit the use of any assets as security for public deposits other than the securities made eligible by law for that purpose.

**Sec. 2. Officers may not borrow money except under certain conditions.**—No officer or employe of a bank or trust company shall have power or authority to borrow money, execute guaranties or endorse, otherwise than without recourse, pledge or hypothecate any note, bond or other obligation belonging to such bank or trust company unless such power and authority shall have been given such officer or employe by the board of directors and a written record thereof made in the minute book of the bank and a certified copy of such record delivered to the creditor, guarantee, pledgee, or endorsee of such note, bond, guaranty or other obligation.

**Sec. 3. Bank not to create second liens.**—No bank or trust company shall pledge or hypothecate or create a lien upon or charge against any of its assets subject to a prior lien, hypothecation or charge.

**Sec. 4. Banks must not loan on second liens—exceptions.**—No bank or trust company shall make any loan upon the security of real estate unless it is a first lien thereon. Before any such loan is made the value of the real estate shall be determined by an appraisal made by a committee appointed by the board of directors which appraisal shall be made a matter of record; provided, that a bank or trust company may take a junior lien upon real estate to secure a loan previously contracted.

**Sec. 5. Acts to be null and void.**—Any note, endorsement, guaranty, pledge, hypothecation, lien or other obligation given contrary to the provisions of sections one, two and three of this act shall be null and void.

**Sec. 6. Violation a gross misdemeanor.**—Any officer or employe of a bank or trust company who violates the provisions of this act or who consents thereto or connives thereat shall be guilty of a gross misdemeanor.

**Sec. 7.** This act shall be in force and take effect from and after its passage.

Approved April 19, 1927.

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#### CHAPTER 258—H. F. No. 1272

*An act to amend Section 7677, General Statutes 1923, relating to loans and investments by state banks.*

Be it enacted by the Legislature of the State of Minnesota:

**Section 1. Limitation of loans.**—That Section 7677, General Statutes 1923, be and the same hereby is amended so as to read as follows:

*“7677. The total liabilities to it, as principal, surety, or endorser of any person, corporation, or co-partnership, including the liabilities of the several members thereof, shall never exceed fifteen (15) per cent of its capital actually paid in cash and of its actual surplus fund. Provided that for the purposes of this section the members of a family living together in one household shall be regarded as one person and the total liabilities of the members of such family shall be limited as herein provided. Provided, however, that loans not exceeding 25 per cent of such capital and surplus made upon first mortgage security on improved real estate in the State of Minnesota or in an adjoining State within 20 miles of the place where the bank is located; shall not constitute a liability of the maker of the notes secured by such mortgages within the meaning of the foregoing provision limiting liability, but shall be an actual liability of such maker; provided, that such mortgage loans be limited to, and in no case to exceed forty (40) per cent of the cash value of the security covered by such mortgage; provided further, that commercial paper actually owned by the person negotiating the same not exceeding 15 per cent of the capital stock and surplus taken from any one person, shall not constitute a liability within the meaning of this Act, but shall be an actual liability of the maker. The total liability of any officer or director shall never exceed ten per cent of the same aggregate amount. But the discount of the following classes*