

"161.03. Subdivision 6. Manner of conducting work on trunk highways. The commissioner of highways may conduct the work or any part thereof, incidental to the construction and maintenance of the trunk highways by labor employed therefor or by contract. In cases of construction work, the commissioner of highways shall first advertise for bids for contracts and, if no satisfactory bids are received, he shall have the right to reject all bids and readvertise or do the work by labor employed therefor. When work is to be let under contract he shall publish a notice to the effect, for three successive weeks prior to the date such bids are to be received, in such local newspaper or other periodicals as may be deemed advisable; provided, that in case of emergency requiring immediate action, contract may be awarded without published notice. Emergency shall be defined as the doing of such work on the highways of the state of Minnesota as is necessary for immediate action in order to maintain existing highways in a passable condition; provided, no emergencies shall be declared to exist except upon the written authority of the commissioner of highways or his deputy. *Provided further that bids may be received between March first and June first each year and contracts not to exceed \$25,000 individually may be let for repairing and restoring trunk highways damaged by the spring breakup upon publication of notice for one week prior to the date such bids are to be received, and in addition thereto upon the mailing of such notices to all contractors who have filed a written request therefor.* Where relief work is employed, payable out of federal funds in the construction or reconstruction of trunk highways, and where the state is the sponsor of such projects, also necessitating the use of trunk highway funds in order to complete such construction or reconstruction, the commissioner of highways is authorized to furnish supervision, equipment, equipment operators, materials, and such labor as is necessary therefor."

Approved March 7, 1945.

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#### CHAPTER 62—H. F. No. 561

*An act relating to restrictions upon the total liability to a bank of any individual, partnership, unincorporated association, or corporation, and of officers and directors, and amending Minnesota Statutes 1941, Section 48.24, as amended by Laws 1943, Chapter 23.*

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

Section 1. Minnesota Statutes 1941, Section 48.24, as amended by Laws 1943, Chapter 23, is amended to read as follows:

**48.24. Restrictions upon total liability to a bank. Subdivision 1.** The total liabilities to any such bank, as principal, surety, or endorser of any *individual, partnership, unincorporated association, or corporation*, including the liabilities of the several members of a *partnership or unincorporated association, and in case of a corporation of all subsidiaries thereof in which such corporation owns or controls a majority interest*, shall never exceed 15 per cent of its capital actually paid in cash and of its actual surplus fund, *except that obligations of any individual, partnership, unincorporated association, or corporation, including the liabilities of the several members of a partnership or unincorporated association, and in the case of a corporation of all subsidiaries thereof in which such corporation owns or controls a majority interest, in the form of notes secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States, treasury bills of the United States, or obligations fully guaranteed both as to principal and interest by the United States, shall be subject under this section to a limitation of 25 per cent of such capital and surplus. 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 the family shall be limited as herein provided.*

*Subd. 2.* Loans not exceeding 25 per cent of such capital and surplus made upon first mortgage security on improved real estate in the state 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 the maker. These mortgage loans shall be limited to, and in no case exceed, 40 per cent of the cash value of the security covered by the mortgage, *except mortgage loans guaranteed as provided by the Servicemen's Readjustment Act of 1944, as now or hereafter amended, or for which there is a commitment to so guarantee or for which a conditional guarantee has been issued, which loans shall in no case exceed 60 per cent of the cash value of the security covered by such mortgage.*

*Subd. 3.* 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.

*Subd. 4.* The total liability of any officer or director of a bank shall never exceed ten per cent of the same aggregate amount. *The exception provided in subdivision 2 of this section shall apply to the limit of liability prescribed by this subdivision.*

*Subd. 5.* Loans or obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that they are secured or covered by guarantees, or by commitments or agreements to take over or to purchase the same, made by any Federal Reserve bank or by the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States.

*Subd. 6.* The discount of the following classes of paper shall not be regarded as creating liability within the meaning of this section:

(1) Bonds, orders, warrants, or other evidences of indebtedness of the United States, of federal land banks, of this state or of any county, town, village, or school district in this state, or of the bonds of any other state in the United States, or bonds and obligations of the federal home loan banks established by act of congress known as the federal home loan bank act, approved July 23, 1932, and acts amendatory thereto, and in bonds and obligations of the Home Owners' Loan Corporation established by act of congress, known as the Home Owners' Loan Act of 1933, and acts amendatory thereto, in exchange for mortgages on homes, or contracts for deed, or real estate held by it.

(2) Bills of exchange drawn in good faith against actually existing values.

(3) Paper based upon the collateral security of warehouse receipts covering agricultural or manufactured products stored in elevators or warehouses under the following conditions:

First—When the actual market value of the property covered by such receipts at all times exceeds by at least ten per cent the amount loaned thereon, *and*

Second—When the full amount of every such loan is at all times covered by fire insurance in duly authorized companies,

within the limit of their ability to cover such amounts, and the excess, if any, in companies having sufficient paid-up capital to authorize their admission, and payable, in case of loss, to the bank or holder of the warehouse receipt.

*Subd. 7.* When a bank shall allow any *individual, partnership, unincorporated association, or corporation, or any officer or director of the bank*, to become indebted to it, directly or indirectly, in excess of the amount, exclusive of interest permitted by the laws of this state, the officer or employee of the bank wilfully permitting or approving the loan shall be guilty of a gross misdemeanor and, in addition thereto, shall be personally liable to the bank for the amount of the loan in excess of the statutory limit.

Approved March 7, 1945.

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#### CHAPTER 63—H. F. No. 578

*An act relating to banks owning real estate, and amending Minnesota Statutes 1941, Section 48.21.*

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

Section 1. Minnesota Statutes 1941, Section 48.21, is amended to read as follows :

**48.21. May hold real estate; restrictions.** Such bank may purchase, *carry as an asset*, and convey real estate for the following purposes :

(1) Such as shall be necessary for the convenient transaction of its business, including with its banking office other apartments to rent as a source of income, which investment shall not exceed 40 per cent of its paid-in capital stock and permanent surplus.

(2) Such as is acquired through foreclosure of any mortgage given to it in good faith by way of security for loans made or money due to such bank.

(3) Such as is conveyed to it in satisfaction of debts previously contracted in good faith in the course of its dealings.

(4) Such as it acquires by sale on execution or judgment of any court in its favor.