

rinks, bowling alleys, circuses, shows, theatrical performances, and the sale of fireworks, and may license and regulate public dancing places, fix the price and time of continuance of such license, and, when in their opinion the public interest requires it, revoke the same. They may license the sale of soft drinks and soft drink vending machines and may fix the price and duration of such licenses and when in their opinion the public interest requires it, revoke the same. They may appropriate out of the general fund of the town and draw orders on the treasurer for the disbursement of money to pay the annual dues in the Minnesota unit of the national association of township officers *or a county unit that belongs to the Minnesota unit* and the actual and necessary expenses of such delegates as the town board may designate to attend meetings of *any* such association. The aggregate amount for such purposes so expended by any such town in any one year shall not exceed the sum of ~~\$50~~ *\$100*. They may select and designate a bank as the depository of town money for a time not extending beyond their official term, on the execution by such bank of a sufficient bond to the town, in double the sum deposited, to be approved by the board and filed in the office of the town clerk, and thereupon may require the treasurer to deposit all or any part of the town money in such bank. Such designation shall be in writing, and set forth all the terms and conditions upon which the deposits are made, be signed by the chairman and clerk, and filed with the clerk. The town treasurer shall not be liable for the loss of money while so deposited, and all interest thereon shall belong to the town.

Approved April 3, 1963.

CHAPTER 153—H. F. No. 667

An act relating to banks and banking; amending Minnesota Statutes 1961, Sections 46.04; 46.13, Subdivision 5; 48.155; 48.19, Subdivision 1; 48.22, Subdivision 1; 48.24, Subdivision 6; 48.38; 48.48, Subdivision 2; 48.61; and 50.14, Subdivision 5.

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

Section 1. Minnesota Statutes 1961, Section 46.04, is amended to read:

46.04 Banks and banking; commissioner; powers. The commissioner of banks, referred to in Minnesota Statutes, Chapters 46 to 59, as the commissioner, is vested with all the powers, authority, and privileges which, prior to the enactment of Laws 1909, Chapter

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201, were conferred by law upon the public examiner, and he shall take over all duties in relation to state banks, savings banks, trust companies, building and loan associations, and other financial corporations within the state which, prior to the enactment of chapter 201, were imposed upon the public examiner. The commissioner of banks shall exercise a constant supervision, either personally or through the examiners herein provided for, over the books and affairs of all state banks, savings banks, trust companies, building and loan associations, and other financial corporations doing business within the state; and shall, through examiners, examine at least once a year such state banks and savings banks as are also subject to annual examinations by the federal deposit insurance corporation or the federal reserve bank and twice a year where they are not subject to such examinations. Trust companies, building and loan associations, credit unions, industrial loan and thrift companies and other financial corporations shall be examined once a year. *With the exception of industrial loan and thrift companies which do not have deposit liabilities and small loan companies, it shall be the principal purpose of these examinations to inspect and verify the assets and liabilities of each and so far investigate the character and value of the assets of each such corporation as to determine with reasonable certainty that the values are correctly carried on its books. Assets and liabilities shall be verified in accordance with methods of procedure which the commissioner may determine to be adequate to carry out the intentions of this section.* None of the above provisions shall limit the commissioner in making additional examinations as he deems necessary or advisable. He shall investigate the methods of operation and conduct of these corporations and their systems of accounting, to ascertain whether these methods and systems are in accordance with law and sound banking principles. *He may make such requirements as to records as he deems necessary to facilitate the carrying out of his duties and to properly protect the public interest.* He may examine, or cause to be examined by these examiners, on oath, any officer, director, trustee, owner, agent, clerk, customer, or depositor of any such financial corporations touching the affairs and business thereof, and may issue, or cause to be issued by the examiners, subpoenas, and administer, or cause to be administered by the examiners, oaths. In case of any refusal to obey any subpoena issued by him or under his direction, the refusal may at once be reported to the district court of the district in which the bank or other financial corporation is located, and this court shall enforce obedience to these subpoenas in the manner provided by law for enforcing obedience to subpoenas of the court. In all matters relating to his official duties, the commissioner of banks has the power possessed by courts of law to issue subpoenas and cause them to be served and enforced, and all officers, directors, trustees, and employees of state banks, savings banks, trust

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companies, building and loan associations, and other financial corporations within the state, and all persons having dealings with or knowledge of the affairs or methods of these institutions, shall afford reasonable facilities for these examinations, make such returns and reports to the commissioner of banks as he may require; attend and answer, under oath, his lawful inquiries; produce and exhibit such books, accounts, documents, and property as he may desire to inspect, and in all things aid him in the performance of his duties.

Sec. 2. Minnesota Statutes 1961, Section 46.13, Subdivision 5, is amended to read:

Subd. 5. **Fees; when payable.** These fees shall be paid by the institution examined within 20 days after a statement of the amount thereof shall have been rendered the institution examined by the commissioner of banks and, if not so paid, shall bear interest at the rate of six percent per annum, *provided that in no case shall this penalty be less than \$5. Such penalty shall be payable to the commissioner on his making a request for payment.*

Sec. 3. Minnesota Statutes 1961, Section 48.155, is amended to read:

48.155 **Allowable additional charges.** No charge other than those provided for in sections 48.153 and 48.154 shall be made directly or indirectly for any such loan except that there may be charged to the borrower:

(a) In case of default, a late charge of five percent of the amount of the delinquent instalment with a maximum late charge of 50 cents on any one instalment, or interest on the delinquent instalment at the rate of six percent per annum, whichever is greater;

(b) Any lawful fees paid or to be paid by the lender for any abstract or to any public officer for filing or recording in any public office or for acknowledging any instrument securing the loan;

(c) The premium on any life, property or other insurance taken as security for the loan; provided, that the borrower may himself, at his own cost, procure and deposit with the lender any such insurance if written by a responsible company. *Such premium may be included as part of the loan, provided, that it does not increase the loan to an amount exceeding the maximum provided by section 48.153.*

Sec. 4. Minnesota Statutes 1961, Section 48.19, Subdivision 1, is amended to read:

48.19 **Loans on real estate restricted.** Subdivision 1.

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Restrictions; exception. No bank or trust company shall make any loan upon the security of real estate unless it is a first lien thereon, except that a bank or trust company may take a junior lien upon real estate to secure a loan previously contracted. Before any such loans are 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; except that the board may accept an appraisal made by or for an agency of the United States government when such agency is guaranteeing or insuring the loan or any part thereof.

A bank may take additional liens on the same security and these shall be considered to be part of the same mortgage lien thereon providing it has been established that there are no intervening liens.

Loans in which the small business administration cooperates through agreements to participate on an immediate or deferred basis under the federal small business act shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate.

Sec. 5. Minnesota Statutes 1961, Section 48.22, Subdivision 1, is amended to read:

48.22 Cash reserves. Subdivision 1. **Requirements.** It shall always keep a reserve equal to 15 percent of its demandable liabilities and five percent of its time deposits if located in a reserve city; if not located in a reserve city, it shall always keep a reserve equal to 12 percent of its demandable liabilities and five percent of its time deposits; which shall be in cash, *cash items in process of collection* and ~~balance~~ *balances due on demand* from solvent banks in the United States or its territories. No bank shall act as reserve agent for another without the approval of the commissioner if its capital and surplus are less than \$100,000. When its reserve shall become impaired, it shall make no new loans or discounts except upon sight bills of exchange, nor declare any dividend until the same has been fully restored. The term "reserve city," as used herein, shall be taken to mean such cities as are designated as reserve cities by act of congress or other federal authority.

Sec. 6. Minnesota Statutes 1961, Section 48.24, Subdivision 6, is amended to read:

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 indebted-

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ness 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 representing general obligation 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, or debentures and other obligations of the federal intermediate credit banks established by act of congress known as the federal intermediate credit banks act, approved March 4, 1923, and acts amendatory thereto, *in obligations issued by the banks for cooperatives or any of them*, 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, including bills which are secured by shipping documents conveying or securing title to goods shipped, and which are not to be surrendered until such bills are paid in cash or solvent credits.

(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 percent 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.

(4) Loans ~~fully~~ secured by certificates of deposit of any such bank *to the extent of the total of such certificates pledged as security*.

(5) Debentures issued under the authority of the federal national mortgage association.

Sec. 7. Minnesota Statutes 1961; Section 48.38, is amended to read:

48.38 **Powers and duties.** *Subdivision 1.* Any such bank which has complied with the terms of sections 48.36 to 48.43, and holds a certificate as above provided, may exercise the following powers and privileges: *set forth in this section.*

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(1) *Subd. 2.* It may take and hold in trust any real or personal property, wherever situated, by order, judgment, or decree of any court, or by gift, grant, assignment, transfer, devise, legacy, or bequest from, or by lawful contract with, any public or private corporation or any individual or copartnership, and manage the same upon the terms and conditions therein declared or imposed; it may act as agent for the signatures, countersignatures, registration, transfer, or redemption of certificates of stock, bonds, coupons, or other evidences of indebtedness, and as trustee under mortgages in the form of trust deeds, and may otherwise act as general or special agent or attorney in fact in the acquisition, management, sale, assignment, transfer, encumbrance, conveyance, or other disposition of any real or personal property, in the collection of rents, payment of taxes, and generally as the representative of any person, corporation, or copartnership; it may guarantee the title to securities sold and transferred by it.

(2) *Subd. 3.* It may take and hold on deposit or for safe-keeping, money, bonds, stocks, or other securities, or personal property, which any public officer or any trustee or other legal representative or any public or private corporation or any person may desire, or may be authorized, ordered, or otherwise required by law to deposit in a safe depository or to pay into any court of record, and the same may, instead thereof, be deposited with such bank, and where the deposit is made pursuant to order of court in such bank as the court shall designate and depositor takes the receipt of such bank therefor, thereupon the depositor and his sureties shall be relieved from liability thereafter accruing on account thereof, so long as the deposits continue.

(3) *Subd. 4.* It may act as assignee under any assignment for the benefit of creditors, or be appointed as a trustee, receiver, guardian, executor, or administrator, and may accept and perform any other lawful trust conferred by any court or by any corporation or individual. In the acceptance and performance of any such trust no oath or security shall be required.

(4) *Subd. 5.* When any judge or court having jurisdiction deems it expedient, the judge or court may direct any executor, administrator, guardian, assignee, receiver, or other trustee to deposit with the bank any securities belonging to the trust subject to the order of the trustee when countersigned by the judge of the court, and the court may fix the security to be given by the trustee with reference only to the remainder of the trust estate. No such securities shall be withdrawn nor any part of the principal or interest thereof collected, except by an officer of the bank, without the order of a judge of the court duly entered and certified, upon satisfactory proof that additional

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security has been furnished by the trustee or that the estate or fund has been so reduced that the deposit is no longer required.

(5) *Subd. 6.* It may invest all moneys received by it in trust, in authorized securities, and shall be responsible to the owner or cestui que trust for the validity, regularity, quality, value, and genuineness of these investments and securities at the time made and for the safe-keeping of these securities and the evidences thereof. When special directions are given in any order, judgment, decree, will, or other written instrument as to the particular manner or the particular class or kind of securities or property in which any investment shall be made, it shall follow this direction and, in such case, it shall not be further responsible by reason of the performance of the trust.

It may, in its discretion, retain and continue any investment and security or securities coming into its possession in any fiduciary capacity. For the faithful discharge of its duties and the discharge of its trust, it shall be entitled to reasonable compensation or such amount as has been or may be agreed upon by the parties and all necessary expenses, with legal interest thereon.

No compensation or commission paid or agreed to be paid to it for the negotiation of any loan or the execution of any trust shall be deemed interest within the meaning of the law, nor shall any excess thereof over the legal rate be deemed usury.

(6) *Subd. 7.* Except as provided in this subdivision, any amount not less than ~~\$100~~ \$500 received by it as representative or trustee or by order of the court, not required for the purposes of the trust and not to be accounted for within one year, it shall invest, as above provided, in authorized securities then held by it or specially procured by it. Any amount, not to exceed \$1,000 in any one trust account, may be invested in certificates of deposit or savings accounts in the same bank or any other bank whose deposits are insured by the federal deposit insurance corporation.

(7) *Subd. 8.* It may invest its funds in authorized securities, as defined by law, and the provisions of section 48.24 limiting the amount of liability of any person, corporation, or copartnership, with reference to a percentage of the capital and surplus of the bank, shall not apply to its investments in authorized securities.

Sec. 8. Minnesota Statutes 1961, Section 48.48, Subdivision 2, is amended to read:

Subd. 2. For failure to send such reports to the commissioner in the time specified, such bank shall forfeit to the state the sum of \$25 for each day of such delay and shall pay the accumulated sum to

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the commissioner on his making a formal demand for payment. *If it appears that such a report was mailed by a bank on or before the end of the 15 day period, the commissioner shall waive any such forfeit. In the event it does not appear that such a report was timely mailed, the commissioner may nevertheless waive such forfeit upon a showing by the bank to the satisfaction of the commissioner that such failure was the result of causes beyond the control of the bank.*

Sec. 9. Minnesota Statutes 1961, Section 48.61, is amended to read:

48.61 Authorized investments for state banks. *Subdivision 1.* Any bank organized under the laws of this state is authorized to invest not to exceed ten percent of its capital in the capital stock of any agricultural credit corporation organized under the laws of this state, and entitled to discount privileges with any federal intermediate bank organized under the laws of the United States.

Subd. 2. Any such a bank may invest not to exceed two percent of its capital and surplus in shares of stock in small business investment companies organized under the provisions of the small business investment act of 1958.

Sec. 10. Minnesota Statutes 1961, Section 50.14, Subdivision 5, is amended to read:

Subd. 5. Class four shall be (a) notes or bonds secured by mortgages or trust deed on unencumbered real estate, *whether in fee or in a leasehold of a duration not less than ten years beyond the maturity of the loan, in Minnesota, Wisconsin, Iowa, North Dakota, South Dakota, Missouri, Nebraska, Colorado, Kansas, Oklahoma, Texas, and Montana, Michigan, Illinois, and Indiana, any state of the United States,* worth at least twice the amount loaned thereon.

(b) Notes or bonds secured by mortgages or trust deed on unencumbered real estate in paragraph (a) where such notes or bonds do not exceed 80 percent of the appraised value of the security for the same, provided that such notes or bonds are payable in instalments aggregating not less than five percent of the original principal per annum in addition to the interest; or, are payable on a regular amortization basis in equal instalments, including principal and interest, such instalments to be payable monthly in such amounts that the debt will be fully paid in not to exceed 30 years if the security is non-agricultural real estate, and such instalments to be payable annually or semi-annually in such amounts that the debt will be fully paid in not to exceed 25 years if the security is agricultural real estate.

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(c) Not more than 50 percent of the whole amount of the moneys of the bank shall be so loaned and such investments shall be made only on report of a committee directed to investigate the same and report its value, according to the judgment of its members, and its report shall be preserved among the bank's records.

Approved April 3, 1963.

CHAPTER 154—H. F. No. 762

An act relating to the licensing of hotels, resorts, and restaurants; and amending Minnesota Statutes 1961, Sections 157.01, 157.03, and 157.14.

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

Section 1. Minnesota Statutes 1961, Section 157.01, is amended to read:

157.01 Hotels, resorts and restaurants; licensing; definitions. Every building or structure or enclosure, or any part thereof, kept, used as, maintained as, or advertised as, or held out to the public to be an enclosure where sleeping accommodations are furnished to the public ~~whether with or without meals~~ and furnishing accommodations for periods of less than one week shall for the purpose of this chapter be deemed an hotel.

Every building or other structure or enclosure, or any part thereof and all buildings in connection, kept, used or maintained as, or advertised as, or held out to the public to be an enclosure where meals or lunches are served *or prepared for service elsewhere* without sleeping accommodations, and furnishing accommodations for periods of less than one week, shall for the purpose of this chapter be deemed to be a restaurant, and the person in charge thereof, whether as owner, lessee, manager or agent, for the purpose of this chapter shall be deemed the proprietor of such restaurant, and whenever the word "restaurant" occurs in this chapter, it shall be construed to mean such structure as described in this section.

Every building or structure, or any part thereof, kept, used as, maintained as, advertised as, or held out to be a place where sleeping accommodations are furnished to the public as regular roomers, for periods of one week or more, and having five or more beds to let to the public, shall, for the purpose of this chapter, be deemed a lodging house.

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