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CHAPTER 103—H.F.No.531

*An act relating to banks; permitting banks to take second mortgages in federal disaster areas; amending Minnesota Statutes 1976, Section 48.19, Subdivision 1.*

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

Section 1. Minnesota Statutes 1976, Section 48.19, Subdivision 1, is amended to read:

**48.19 BANKS; SECOND MORTGAGES; FEDERAL DISASTER AREAS; LOANS ON REAL ESTATE RESTRICTED.** Subdivision 1. **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: (a) upon real estate to secure a loan previously contracted; or (b) upon farm real estate to secure a loan made to a farmer who resides in a county which due to weather conditions is a declared federal disaster area at the time the loan contract is signed. 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 or loans or obligations secured or guaranteed 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, shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate.

**Sec. 2. EFFECTIVE DATE.** This act is effective the day following its final enactment.

Approved May 18, 1977.

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CHAPTER 104—H.F.No.787

[Coded]

*An act relating to savings banks; allowing savings banks to establish negotiable order of*

Changes or additions indicated by underline deletions by ~~strikeout~~