

Sec. 2. Minnesota Statutes 1978, Section 550.37, is amended by adding a subdivision to read:

Subd. 12a. One motor vehicle to the extent of a value not exceeding \$2,000.

Sec. 3. Minnesota Statutes 1978, Section 550.37, Subdivision 19, is amended to read:

Subd. 19. The exemption of the property listed in subdivisions 2, 3, ~~and~~ 5 to 11, and 12a may not be waived except by a statement in substantially the following form, in bold face type of a minimum size of 12 points, signed and dated by the debtor at the time of the execution of the contract surrendering the exemption, immediately adjacent to the listing of the property: "I understand that some or all of the above property is normally protected by law from the claims of creditors, and I voluntarily give up my right to that protection for the above listed property with respect to claims arising out of this contract."

Sec. 4. Minnesota Statutes 1978, Section 550.37, is amended by adding a subdivision to read:

Subd. 21. For the purpose of section 550.37 "value" means current fair market value.

Approved April 11, 1980

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#### CHAPTER 551—S.F.No. 1132

*An act relating to financial institutions; altering permissible interest charges by industrial loan and thrift companies; authorizing securities for investment of deposits of savings banks and other financial institutions and for deposit to secure deposits of public funds; amending Minnesota Statutes 1978, Sections 50.14, Subdivision 4; 53.04, by adding a subdivision; and 118.01.*

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

Section 1. Minnesota Statutes 1978, Section 50.14, Subdivision 4, is amended to read:

Subd. 4. Class three shall be :

(a) The bonds, certificates of indebtedness, or other interest bearing obligations, payable out of a levy of ad valorem taxes, of any county, city, town, or any school district, drainage district, or other district, or of any board of any municipality, or of any public authority, created pursuant to law for public purposes in Minnesota, without regard to any debt limits other than those in section 475.53 ;

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(b) The bonds, certificates of indebtedness or other interest bearing obligations, payable out of a levy of ad valorem taxes, of any county, city, town, or school, drainage or other district, or public authority, created pursuant to law for public purposes in any state of the United States other than Minnesota, provided that the total bonded indebtedness of such the county, municipality, district or authority, after deducting the amount of all sinking funds and of all revenue bonds or certificates - ( including such among revenue bonds and certificates those which pledge the full faith and credit of the issuer - if the net revenues applicable to the payment of such the bonds or certificates during the three fiscal years immediately preceding the date of purchase shall have exceeded by at least five percent the amount required to pay principal and interest on such those bonds or certificates during such that period ), shall not exceed ten percent of its assessed valuation; and provided further that if such the county, municipality, district or authority is of any state other than Iowa, Wisconsin, North Dakota, or South Dakota, it shall contain contains at least 3,500 inhabitants;

(c) The bonds, certificates or other interest bearing obligations, payable out of special revenues, of any county, city, town, or school, drainage, or other district, or public authority, created pursuant to law for public purposes in any state of the United States, provided - that:

(aa) ~~That~~ If such the county, municipality, district or authority is of any state other than Minnesota, it shall contain contains at least 3,500 inhabitants; ~~and~~

(bb) ~~that such The~~ obligations ~~shall have been~~ were issued to finance the purpose of construction of or addition to a public enterprise furnishing water, sewer, lighting, power, gas, or road facilities, from which revenue is to be derived; ~~and~~

(cc) ~~that~~ The governing body or other legally constituted authority ~~shall have~~ has covenanted or ~~shall be~~ is required by law to establish and maintain rates to yield sufficient revenue for the payment of operating expenses, maintenance expenses, and principal and interest on such the revenue obligations and to pledge such that revenue irrevocably ~~to said for those~~ purposes; ~~and~~

(dd) ~~that~~ At the date of investment such the public enterprise ~~shall have~~ has been in operation for at least three years; ~~and~~

(ee) ~~that~~ During the preceding three fiscal years its annual net earnings, after payment of operating expenses and maintenance expenses, ~~shall have~~ has been on the average at least one and one-quarter times the average annual interest, principal and sinking fund requirements on such the revenue obligations during the period from the end of its most recent fiscal year to the final maturity of such the obligations ~~-; and~~

(d) The bonds or other interest bearing obligations, payable from revenues other than ad valorem taxes as contemplated in clause (a), validly issued by any state or insular possession of the United States, or by any agency, instrumentality, municipality, or governmental or public subdivision, district, corporation, commission, board, council, or authority of whatsoever kind, created for public purposes

by or pursuant to the laws of any state, provided that the bonds or other interest bearing obligations are at the time of purchase rated among the highest three quality categories, not applicable to bonds or other interest bearing obligations in default as to principal, used by a nationally recognized rating agency for rating the quality of similar bonds or other interest bearing obligations, and are not rated lower by any other such agency.

Sec. 2. Minnesota Statutes 1978, Section 118.01, is amended to read:

118.01 **DEPOSITORY BONDS.** Subdivision 1. Any bank, trust company or thrift institution authorized to do business in this state, designated as a depository of funds of a municipality, as provided by law may, in lieu of the corporate or personal surety bond required to be furnished to secure the funds, deposit with the custodian of the funds, the bonds, ~~certificates of indebtedness, or warrants or~~ other interest bearing obligations, except bonds secured by real estate, and obligations issued pursuant to chapter 474, as are legally authorized investments for savings banks under the laws of the state, or the bonds of any of the insular possessions of the United States, or the bonds of any state, or its agency, the payment of the principal and interest of which, or either, is provided for otherwise than by direct taxation section 50.14, or notes secured by first mortgages of future maturity, upon which interest is not past due, on improved real estate free from delinquent taxes, within the county wherein the depository is located, or within counties immediately adjoining the county in the state of Minnesota.

Subd. 2. The total in amount of the collateral computed at its market value shall be at least ten percent more than the ~~limit~~ amount of deposit, in excess of any insured portion, which would be permitted if a corporate or personal surety bond ~~was~~ were furnished. The depository may at its discretion furnish both a bond and collateral aggregating the required amount.

Subd. 3. Any collateral so deposited shall be accompanied by an assignment thereof to the municipality designating the depository, which assignment shall recite that the depository shall pay over to the treasurer or his order on demand or, if a time deposit, when due, free of exchange or any other charges, all moneys deposited therein at any time during the period the collateral shall be so deposited and ~~to~~ shall pay the interest thereon when due at the agreed rate; and that, in case of any default upon the part of the depository, the governing body of the municipality making the designation shall have full power and authority to sell the collateral, or as much thereof as may be necessary to realize the full amount due the municipality and to pay over any surplus to the depository or its assigns.

Subd. 4. A depository may in its discretion deposit collateral of a value less than the total designation and may from time to time, during the period of its designation, deposit additional collateral and make withdrawals of excess collateral or substitute other collateral for that on deposit or any part thereof. Authority is vested in the treasurer to return the collateral to the depository when the trust so created is terminated and he shall, in the case of a reduction of the deposit, permit the depository to withdraw the excess portion thereof. All interest on the collateral so deposited when collected shall be paid to the depository so

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long as it is not in default. Before any collateral is deposited with the treasurer it shall first be approved by the same authority that designated the depository, but no such authority shall be necessary for the withdrawal of collateral.

Subd. 5. The closing of a depository shall be deemed a default upon the part of the depository and no demand upon the part of the municipality or its treasurer shall be necessary to establish the default. If a depository ~~shall close~~ closes, any time deposit placed therein shall immediately become due and payable.

Subd. 6. If both bond and collateral are furnished by a depository, all or any part of the collateral may be withdrawn without in any way impairing the full force and effect of the bond unless it ~~shall contain~~ contains a provision that the collateral shall not be withdrawn without the consent of the surety thereon. If a corporate surety bond is furnished by a depository, it shall be in a penal sum not to exceed the amount designated as the limit of deposit therein, notwithstanding any other provisions of law to the contrary.

Subd. 7. At no time shall the treasurer maintain a deposit in any depository against collateral in excess of 90 percent of the market value thereof.

Subd. 8. Any provision of law authorizing any municipality to designate banks as depositories shall be construed to include trust companies and thrift institutions authorized to do business.

Subd. 9. All bonds furnished under the provisions of this section shall be approved by the governing body of the municipality ~~making the designation~~ designating the depository and shall be filed in the office of the county auditor as ~~provided by section 124.05, and~~ provided by section 124.05, and . All collateral deposited under the provisions of this section shall be approved by the governing body of the municipality ~~making such designation and after such approval~~ making such designation and after such approval deposited with the treasurer of ~~such the~~ such the municipality, unless the governing body of ~~such municipality shall~~ such municipality shall by resolution ~~fix and determine designates~~ fix and determine designates some other place for the safe-keeping of ~~such the~~ such the collateral. ~~Such The~~ Such The collateral shall not be redeposited in the bank, trust company or thrift institution ~~furnishing the same it~~ furnishing the same it .

Subd. 10. Any depository pledging ~~such~~ such securities, at any time it deems it advisable or desirable, may substitute obligations of the United States of America for all or any part of the securities pledged, ~~except that no such depository shall substitute obligations of the United States which mature within one year from the date such obligations are first considered as a part of the depository's reserve and which reserves are required by Minnesota Statutes 1967, sections 48.22 or 51A.20~~ except that no such depository shall substitute obligations of the United States which mature within one year from the date such obligations are first considered as a part of the depository's reserve and which reserves are required by Minnesota Statutes 1967, sections 48.22 or 51A.20 . The substituted collateral ~~so substituted~~ so substituted shall be approved by the governing body of the municipality ~~making such the designation at its next official meeting.~~ making such the designation at its next official meeting. ~~Such securities so The substituted shall securities~~ Such securities so The substituted shall securities , at the time of substitution, ~~shall have a market value sufficient which~~ shall have a market value sufficient which , together with the market value of the original securities for which no substitution is made, ~~to equal or exceed \$110 for every \$100 of public deposits is at least ten percent more than the amount of deposit, in excess of any insured portion, that would be permitted if a corporate or personal surety bond were furnished~~ to equal or exceed \$110 for every \$100 of public deposits is at least ten percent more than the amount of deposit, in excess of any insured portion, that would be permitted if a corporate or personal surety bond were furnished . In the event of substitution the holder or

custodian of the securities shall, on the same day, forward by registered or certified mail to the public corporation and the depository, a receipt specifically describing and identifying both the substituted securities ~~so substituted~~ and those released and returned to the depository.

Subd. 11. "Municipality" for the purpose of this section means county, city, town, school district, hospital district, public authority, public corporation, public commission, special district, police or firefighter's relief association, volunteer firefighter's relief association, nonprofit corporation firefighter's relief association, any other statutory retirement association holding funds intended for retirement benefits for employees of a municipality, any other political subdivision, or agency of the state or of its subdivisions. \*

Sec. 3. Minnesota Statutes 1978, Section 53.04, is amended by adding a subdivision to read:

Subd. 7. (a) The interest on loans made by an industrial loan and thrift company pursuant to subdivision 3 may be at a rate not in excess of nine percent discount per annum for loans which provide for a repayment period not exceeding 36 months; 8-3/8 percent discount per annum for loans which provide for a repayment period exceeding 36 months but not exceeding 48 months; and 7-3/4 percent discount per annum for loans which provide for a repayment period exceeding 48 months but not exceeding 60 months.

(b) This subdivision supersedes the provisions of subdivision 3 regarding the lawful rate of interest for loans made by industrial loan and thrift companies, but not any other provision of subdivision 3, from the effective date of this subdivision until June 30, 1982. A loan made by an industrial loan and thrift company that provides for a rate of interest authorized by this subdivision continues to be enforceable in accordance with its terms until the indebtedness is fully satisfied.

Sec. 4. This act is effective the day following final enactment.

Approved April 11, 1980

\* See the amendment to section 2 in Laws 1980, Chapter 618, Section 1.

## CHAPTER 552—S.F.No. 1144

*An act relating to public drainage systems; increasing repair authority; providing for abandonment of systems; increasing repair funds; amending Minnesota Statutes 1978, Sections 106.011, by adding a subdivision; 106.471, Subdivisions 2, 5 and 6; 106.651; and Chapter 106, by adding a section.*

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

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