

and determine that it clearly informs the public of the intent and effect of the ordinance. The publishing of the title and summary shall be deemed to fulfill all legal publication requirements as completely as if the entire ordinance had been published. The text of the summary shall be published in a body type no smaller than brevier or eight-point type, as defined in section 331.07. Proof of the publication shall be attached to and filed with the ordinance. Every ordinance shall be recorded in the ordinance book within 20 days after its publication of the ordinance or its title and summary. All ordinances shall be suitably entitled and shall be substantially in the style: "The Town Board of Supervisors ..... ordains:".

Approved May 18, 1981

### CHAPTER 220 — S.F.No. 662

*An act relating to commerce; providing for examinations of financial institutions; providing for the proportioning of annual assessments; providing a penalty for failure to pay certain fees and assessments; providing uniform retention periods for records; clarifying the definition of financial institution; expanding the definition of municipality to include townships with a bank; clarifying the distance drive-in or walk-up facilities may be located from a detached facility under certain circumstances; clarifying the notice and approval procedures and judicial review procedures for detached facilities; providing that voting equity in a bank's holding company satisfies the stock requirement of a director; providing additional time for submitting certain bank reports and authorizes acceptance of certain substitute reports; modifying the definition of "demand deposits"; clarifying certain withdrawal provisions applicable to savings associations; requiring credit unions to obtain a commitment for insurance of accounts prior to approval of its application for organization; expanding the exemption from the licensing requirement for sales finance companies to include certain other financial institutions; providing for a compliance exam of sales finance companies once every two years instead of annually; removing the requirement that a state bank's name contain the words "state bank"; removing an obsolete provision; amending Minnesota Statutes 1980, Sections 46.04, Subdivision 1; 46.131, Subdivisions 4 and 9; 46.21; 47.015, Subdivision 1; 47.51; 47.52; 47.54; 48.06; 48.34; 48.48; 48.51; 51A.33; 52.01; 168.67; 168.705; and 300.025; repealing Minnesota Statutes 1980, Sections 46.131, Subdivision 6; and 47.17.*

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

Section 1. Minnesota Statutes 1980, Section 46.04, Subdivision 1, is amended to read:

Subdivision 1. **ENUMERATION.** 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 201, were conferred by law upon the public

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examiner, and he or she shall take over all duties in relation to state banks, savings banks, trust companies, savings associations, and other financial institutions 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, savings associations, credit unions, industrial loan and thrift companies, and other financial institutions doing business within this state; and shall, through examiners, examine each financial institution at least once in every 18 month period the state banks and savings banks as are also subject to annual examinations by the federal deposit insurance corporation or the federal reserve bank. If any state bank or savings bank is not examined by one of these federal agencies annually, the commissioner shall examine the bank or savings bank, so that the bank or savings bank is examined at least once annually by either one of these federal agencies or the commissioner. Trust companies, savings associations, credit unions, industrial loan and thrift companies and other financial institutions shall be examined once a year annually. In satisfying this examination requirement, the commissioner may accept reports of examination prepared by a federal agency having comparable supervisory powers and examination procedures. 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~~ institution 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 limits the commissioner in making additional examinations as ~~he deems~~ deemed necessary or advisable. ~~He~~ The commissioner shall investigate the methods of operation and conduct of these institutions and their systems of accounting, to ascertain whether these methods and systems are in accordance with law and sound banking principles. ~~He~~ The commissioner may make ~~such~~ requirements as to records as ~~he deems~~ deemed necessary to facilitate the carrying out of his or her duties and to properly protect the public interest. ~~He~~ The commissioner 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 institution 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 the commissioner's direction, the refusal may at once be reported to the district court of the district in which the bank or other financial institution 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

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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 companies, savings associations, and other financial institutions 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 returns and reports to the commissioner of banks as ~~he~~ the commissioner may require; attend and answer, under oath, ~~his~~ the commissioner's lawful inquiries; produce and exhibit any books, accounts, documents, and property as ~~he~~ the commissioner may desire to inspect, and in all things aid ~~him~~ the commissioner in the performance of his or her duties.

Sec. 2. Minnesota Statutes 1980, Section 46.131, Subdivision 4, is amended to read:

Subd. 4. **ASSESSMENTS.** Assessments shall be made by the commissioner against each institution within ~~such~~ the industry on an equal equitable basis, ~~with exceptions as provided for credit unions in subdivision 6~~ according to the total assets of each institution as of the end of the previous calendar year.

Sec. 3. Minnesota Statutes 1980, Section 46.131, Subdivision 9, is amended to read:

Subd. 9. These assessments or fees shall be paid by the institution examined within 20 days after a statement of the amount ~~thereof shall have~~ has been ~~rendered~~ submitted to the institution examined by the commissioner of banks and, if not so paid, shall bear interest at the discount rate of six percent per annum; provided, that in no case shall this penalty be less than \$5. Such charged member banks for borrowing from the Federal Reserve Bank. The penalty shall be payable to the commissioner on ~~his~~ making a request for payment.

Sec. 4. Minnesota Statutes 1980, Section 46.21, is amended to read:

#### 46.21 DESTRUCTION OF CERTAIN RECORDS.

Subdivision 1. **REPORTS, CORRESPONDENCE.** After ~~12~~ ten years, the commissioner of banks may at ~~his discretion~~ dispose of any examination report, call report of the condition of state banks, earnings and dividend report, oath of office of director ~~or~~, examining committee report. ~~After 20 years he may at his discretion dispose of, or any correspondence with reference to any examination report.~~ After a period of ~~six~~ two years the commissioner of banks need not retain the examiner's original pencil copy of any examination report.

Subd. 2. **UPON LIQUIDATION.** ~~The~~ At any time after ten years from the date of payment of the final dividend in liquidation, the commissioner

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of banks may at his own discretion destroy the records, documents, or correspondence of any financial corporation of which he has taken possession or any records, documents, or correspondence relating to liquidation of any financial corporation which has been liquidated. ~~No material subject to destruction shall be destroyed until at least five years have elapsed since the date of the final liquidating dividend in each case.~~

Sec. 5. Minnesota Statutes 1980, Section 47.015, Subdivision 1, is amended to read:

Subdivision 1. **FINANCIAL INSTITUTIONS.** As used in this section the term "financial institution" shall include banks, trust companies, banks and trust companies, mutual savings banks, industrial loan and thrift companies, having outstanding certificates of indebtedness for investment other than those pledged as security for a loan made contemporaneous therewith, savings and loan associations, building and loan associations, national banking associations, federal reserve banks and federal savings and loan associations ~~now or hereaf-  
ter~~ doing business in this state.

Sec. 6. Minnesota Statutes 1980, Section 47.51, is amended to read:

**47.51 DETACHED BANKING FACILITIES; DEFINITIONS.**

As used in sections 47.51 to 47.57:

"Extension of the main banking house" means any structure or stationary mechanical device serving as a drive-in or walk-up facility, or both, which is located within 150 feet of the main banking house, the distance to be measured in a straight line from the closest points of the closest structures involved and which performs one or more of the functions described in section 47.53.

"Detached facility" means any permanent structure, office accommodation located within the premises of any existing commercial or business establishment, stationary automated remote controlled teller facility, stationary unmanned cash dispensing or receiving device, located separate and apart from the main banking house which is not an "extension of the main banking house" as above defined, that serves as a drive-in or walk-up facility, or both, with one or more tellers windows, or as a remote controlled teller facility or a cash dispensing or receiving device, and which performs one or more of those functions described in section 47.53.

"Bank" means a bank as defined in section 45.08 and any banking office established prior to the effective date of Laws 1923, Chapter 170, Section 1.

"Commissioner" means the commissioner of banks.

"Municipality" means the geographical area encompassing the boundaries of any home rule charter or statutory city located in this state, and any detached area, pursuant to section 473.625, operated as a major airport by the

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metropolitan airports commission pursuant to sections 473.601 to 473.679. When a bank is located in a township, the term municipality is expanded to mean the geographical area encompassing the boundaries of the township.

Sec. 7. Minnesota Statutes 1980, Section 47.52, is amended to read:

#### 47.52 AUTHORIZATION.

(a) With the prior approval of the commissioner, any bank doing business in this state may establish and maintain not more than two detached facilities provided the facilities are located within the municipality in which the principal office of the applicant bank is located; or within 5,000 feet of its principal office measured in a straight line from the closest points of the closest structures involved; or within 25 miles of its principal office measured in a straight line from the closest points of the closest structures involved, if the detached facility is within any municipality in which no bank is located at the time of application or if the detached facility is in a municipality having a population of more than 10,000, according to the last previous United States census, or if the detached facility is located in a municipality having a population of 10,000 or less and all the banks having a principal office in the municipality have consented in writing to the establishment of the facility. (b) A detached facility shall not be closer than 50 feet to a detached facility operated by any other bank and shall not be closer than 100 feet to the principal office of any other bank, the measurement to be made in the same manner as provided above. This clause shall not be applicable if the proximity to the facility or the bank is waived in writing by the other bank and filed with the application to establish a detached facility. (c) Any bank is allowed, in addition to other facilities, one drive-in or walk-up facility located between 150 to 1,500 feet of the main banking house or within 1,500 feet from a detached facility if the commissioner determines that such site of the main banking house or detached facility is so physically limited as to preclude the addition of a drive-in or walk-up facility. The drive-in or walk-up facility permitted by this clause is subject to clause (b) and section 47.53.

Sec. 8. Minnesota Statutes 1980, Section 47.54, is amended to read:

#### 47.54 NOTICES AND APPROVAL PROCEDURES.

Subdivision 1. **APPLICATION.** Any bank desiring to establish a detached facility shall execute and acknowledge an application, in writing, in the form prescribed by the commissioner, and shall file the application in his the commissioner's office, together with a fee of \$500, and if an application is contested, an additional fee equal to the actual costs incurred by the commissioner in approving or disapproving the application, payable to the state treasurer and credited by the treasurer to the general fund. Thereupon the applicant shall publish a notice of the filing of the application in a newspaper published in the municipality in which the proposed detached facility is to be

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located, and if there is no such newspaper, then at the county seat of the county in which the facility is proposed to be located. The notice shall be in the form prescribed by the commissioner and, in addition to the publication, the applicant shall mail a copy of the notice by certified mail to every bank located within three miles of the proposed location of the detached facility, measured in the manner as provided above.

Subd. 2. **APPROVAL ORDER.** If no objection is received by the commissioner within 30 21 days after the publication and mailing of the notices, the commissioner shall issue ~~his~~ an order approving the application without a hearing if he finds it is found that (a) the applicant bank meets current industry standards of capital adequacy, management quality, and asset condition, (b) the establishment of the proposed detached facility will improve the quality or increase the availability of banking services in the community to be served, and (c) the establishment of the proposed detached facility will not have an undue adverse effect upon the solvency of existing financial institutions in the community to be served. Otherwise, the commissioner shall deny the application. Any proceedings for judicial review of an order of the commissioner issued under this subdivision without a contested case hearing shall be conducted pursuant to the provisions of the administrative procedure act relating to judicial review of agency decisions, sections 15.0424 to 15.0426, and the scope of judicial review in such proceedings shall be as provided therein. Nothing herein shall be construed as requiring the commissioner to conduct a contested case hearing if no written objection is timely received by the commissioner from a bank within three miles of the proposed location of the detached facility.

Subd. 3. **OBJECTIONS; HEARING.** If any bank within three miles of the proposed location of the detached facility objects in writing within 30 21 days, the commissioner shall fix a time, within 60 days after filing of the objection, for a hearing, and the record of the hearing shall be considered by the commissioner in deciding whether or not the application shall be granted. A notice of the hearing shall be published in the form prescribed by the commissioner in a newspaper as described in subdivision 1, at the expense of the applicant, not less than 30 days prior to the date of the hearing. At the hearing the commissioner shall consider the application and hear the applicant and any witnesses who may appear in favor of or against the granting of the application. The hearing shall be conducted by the commissioner in accordance with the provisions of the administrative procedures act, sections 15.0411 to 15.052, governing contested cases, including the provisions of the act relating to judicial review of agency decisions.

Subd. 4. **DECISION AFTER HEARING.** If upon the hearing, it appears to the commissioner that the requirements for approval contained in subdivision 2 have been met, ~~he~~ the commissioner shall, not later than 90 days after the hearing, and after the applicant has otherwise complied with the

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provisions of law applicable to the establishment of a facility, issue the certificate of authorization an order approving the application. If a facility is not activated within 18 months from the date of issue of the certificate, the certificate shall automatically expire. If the commissioner's order is appealed, the commissioner may grant such reasonable extensions of time as he deems necessary, but the extensions may not exceed a total of 18 months from the date on which all appeals or rights of appeal from the commissioner's order have concluded or expired. At the expiration of the extensions, the order and certificate shall automatically expire. If the commissioner shall decide that the application should not be granted, he shall issue his an order to that effect and forthwith give notice by certified mail to the applicant.

Subd. 5. EXPIRATION AND EXTENSION OF ORDER. If a facility is not activated within 18 months from the date of the order, the approval order shall automatically expire. Upon request of the applicant prior to the automatic expiration date of the order, the commissioner may grant reasonable extensions of time to the applicant to activate the facility as the commissioner deems necessary, but the extensions of time shall not exceed a total of an additional 12 months. If the commissioner's order is the subject of an appeal to the district court, the time period referred to in this section for activation of the facility and any extensions shall begin when all appeals or rights of appeal from the commissioner's order have concluded or expired.

Sec. 9. Minnesota Statutes 1980, Section 48.06, is amended to read:

#### 48.06 DIRECTORS; QUALIFICATIONS.

When the number of directors shall exceed nine, they may designate, semi-annually, by resolution, nine of their number, a majority of whom shall constitute a quorum for the transaction of business. Every director of a bank shall actually own at least \$1,000 par value of the bank's common, full fully paid stock, except that if a bank has a capital of less than \$25,000 each director shall actually own at least \$500 par value of fully paid stock, or an equivalent interest, as determined by the commissioner, in any company which has control over a bank within the meaning of section 2 of the Bank Holding Company Act of 1956, 12 U.S.C. 1841, and shall take and subscribe an oath that he is the owner in good faith and in his own right of such that amount of stock, that the same is not in any way pledged for any loan or debt, and that he will faithfully perform his or her official duties, and not knowingly violate, or permit to be violated, any provision of law. The taking of this oath shall be duly certified in the minutes of the records of the bank, and the oath immediately transmitted to the commissioner of banks and filed in his or her office.

Sec. 10. Minnesota Statutes 1980, Section 48.34, is amended to read:

#### 48.34 BRANCH BANKS PROHIBITED.

No bank or trust company organized under the laws of this state shall maintain a branch bank or receive deposits or pay checks within this state.

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except at its own banking house, and except as authorized by sections 47.51 to 47.57 and sections 47.61 to 47.74. The commissioner shall take possession of and liquidate the business and affairs of any state bank or trust company violating the provisions of this section, in the manner prescribed by law for the liquidation of insolvent state banks and trust companies.

Sec. 11. Minnesota Statutes 1980, Section 48.48, is amended to read:

**48.48 REPORTS TO COMMISSIONER.**

*Subdivision 1.* At least three times in each year, and at any other time when so requested by the commissioner, every bank shall, within fifteen 30 days of the date of notice, make and transmit to him the commissioner, in such a form as he shall prescribe prescribes, a report, verified by its president or vice-president and by its cashier, and attested by at least two of its directors, stating in detail, under appropriate heads, as required by the commissioner, its assets and liabilities at the close of business on the day specified in the request. The commissioner may accept any report made to a federal authority having supervision of banks in fulfilling this requirement. This statement shall be published once at the expense of the bank in a newspaper serving the municipality or town in which the bank is located. The newspaper shall be published in the county in which the bank is located or in an adjoining county. Proof of publication shall be filed with the commissioner immediately after publication of the report. For the purposes of this subdivision a newspaper serves a municipality or town if it meets the qualifications of section 331.02, subdivision 1, clause (4).

*Subd. 2.* For failure to send such these reports to the commissioner in the time specified, such a bank shall forfeit to the state the sum of \$25 for each day of such delay and shall pay the accumulated sum to the commissioner ~~on his making upon~~ a formal demand for payment by the commissioner. If it appears that such a report was mailed by a bank on or before the end of the 45 30 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 to send the reports was the result of causes beyond the control of the bank.

Sec. 12. Minnesota Statutes 1980, Section 48.51, is amended to read:

**48.51 DEMAND DEPOSITS DEFINED.**

For the purpose of sections 48.50 and 48.51, all deposits are payable on demand except:

(1) *Those deposits which are evidenced by a negotiable or non-negotiable instrument which provides on its face that the amount of the deposit is payable:*

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(a) on a certain date, specified in the instrument, not less than 30 14 days after the date of the deposit; or (b) at the expiration of a specified period not less than 30 14 days after the date of the instrument; or (c) upon written notice to be given not less than 30 14 days before the date of repayment.

(2) Those deposits which may not be withdrawn within 30 14 days of the making thereof.

(3) Those deposits which may not be withdrawn within 30 14 days of the giving of notice of an intended withdrawal.

Sec. 13. Minnesota Statutes 1980, Section 51A.33, is amended to read:

**51A.33 WITHDRAWAL.**

Any savings account member or ~~his~~ authorized representative may at any time present a written application for withdrawal of all or any part of his savings accounts. ~~No member shall have on file in any one association more than one application at a time.~~ Every application shall request immediate withdrawal of a stated amount in accordance with this section. Any member may cancel ~~his~~ an application at any time in whole or in part by a writing. Every association shall pay or number, date, and file in the order of actual receipt every withdrawal application. Withdrawals shall be made in the order of actual receipt of applications, except as provided in this section. Upon receipt of a withdrawal request signed by the person or persons authorized to withdraw by the savings account contract or by operation of law, an association shall pay the amount stated thereon in the form of cash or one or more checks or similar instruments payable to the order of ~~such any person or persons~~ or to the order of others as directed, or transfer credits to the account or accounts of others in the institution as directed, but not in excess of the withdrawal value of ~~such~~ the savings account or accounts, together with any earnings which may have been declared and may have accrued thereon for the current period. If an association so elects, it may at any time pay in full each and every application as presented. It shall not, however, pay some in full unless it pays every application on file in full, except by paying all applications on file on the rotation system prescribed in this section. The board of directors, however, shall have an absolute right to pay upon any application not exceeding \$200 to any one savings account member in any one month in any order. No association can obligate itself to pay withdrawals on any plan other than as provided in sections 51A.01 to 51A.57. Savings account holders who have filed written applications for withdrawal shall remain savings account members so long as their applications remain on file. No earnings shall be declared upon that portion of an account which has been noticed for withdrawal, which for earnings purposes is required to be deducted from the latest previous additions to such account, so long as application is on file. The rotation system for payment of withdrawals is as follows: On the first day of each month, each application which has been on file since the first day of the preceding month

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and which is reached in order shall be paid \$1,000 on account, or in full if the amount noticed for withdrawal or the unpaid balance of ~~such~~ the application is less than \$1,000. Each ~~such~~ application for more than \$1,000 so paid shall be deemed refiled as if filed on that day. ~~Such limited~~ Limited payment on the first day of each month and ~~such~~ renumbering shall take place on the first day of each subsequent month as long as there are applications unpaid. At least one-third of the receipts of an association from its members during the preceding calendar month shall be applied on the first day of each month to the payment of applications which have been on file since the first day of the preceding month. Any association may apply to withdrawals an amount larger than one-third of ~~such~~ the receipts, but cannot obligate itself to do so. When an application to withdraw is reached for payment as above provided, a written notice shall be sent to the applicant by mail at his last address recorded on the books, and unless the applicant shall apply in person or in writing for ~~such~~ the withdrawal within 30 days from the date of ~~such~~ the notice, no payment on account of ~~such~~ the application shall be made and ~~such~~ the application shall be cancelled. In no event shall an association voluntarily or involuntarily delay or postpone the whole or partial payment of the value of any savings account pursuant to a written withdrawal application by a savings account member for a period exceeding 30 days following the receipt of ~~such~~ the application without first securing written permission, in the case of an association the accounts of which are not insured by the federal savings and loan insurance corporation, from the commissioner, or in the case of an association the accounts of which are insured by the federal savings and loan insurance corporation, from the ~~said~~ corporation. If the association is under control of a conservator appointment pursuant to section 51A.45, subdivision 2, withdrawal shall be governed by the lawful rules and orders of the conservator.

Sec. 14. Minnesota Statutes 1980, Section 52.01, is amended to read:

**52.01 ORGANIZATION.**

Any seven residents of the state may apply to the commissioner of banks for permission to organize a credit union.

A credit union is a cooperative society, incorporated for the two-fold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes.

A credit union is organized in the following manner:

(1) The applicants execute, in duplicate, a certificate of organization by the terms of which they agree to be bound, which shall state:

(a) The name and location of the proposed credit union;

(b) The names and addresses of the subscribers to the certificate and the number of shares subscribed by each;

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(c) The par value of the shares of the credit union, which shall not exceed \$10 each;

(2) They next prepare and adopt bylaws for the general governance of the credit union consistent with the provisions of this chapter, and execute the same in duplicate;

(3) The certificate and the bylaws, both executed in duplicate, are forwarded to the commissioner of banks; and there shall be paid to the commissioner an application fee of \$100;

(4) The commissioner of banks shall, within 60 days of the receipt of the certificate ~~and~~, the bylaws, and a commitment for insurance of accounts as required by section 52.24, subdivision 2, determine whether they comply with the provisions of this chapter, and whether or not the organization of the credit union in question would benefit the members of it and be consistent with the purposes of this chapter;

(5) Thereupon the commissioner of banks shall notify the applicants of his decision; if it is favorable, ~~he~~ the commissioner shall issue a certificate of approval, attached to the duplicate certificate of organization, and return the same, together with the duplicate bylaws, to the applicants; if it is unfavorable, the applicants may, within 60 days after said decision, have the right to appeal for a review in a court of competent jurisdiction;

(6) The applicants shall thereupon file the duplicate of the certificate of organization, with the certificate of approval attached thereto, with the county recorder of the county within which the credit union is to do business, who shall make a record of the certificate and return it, with ~~his~~ a certificate of record attached thereto, to the commissioner of banks, for permanent records; and

(7) Thereupon the applicants shall become and be a credit union, incorporated in accordance with the provisions of this chapter.

In order to simplify the organization of credit unions, the commissioner of banks shall cause to be prepared an approved form of certificate of organization and a form of bylaws, consistent with this chapter, which may be used by credit union incorporators for their guidance, and on written application of seven residents of the state, shall supply them, without charge, with a blank certificate of organization and a copy of the form of suggested bylaws.

Sec. 15. Minnesota Statutes 1980, Section 168.67, is amended to read:

**168.67 SALES FINANCE COMPANIES; LICENSES, FEES, RE-FUNDS.**

(a) No person shall engage in the business of a sales finance company in this state without a license therefor as provided in sections 168.66 to 168.77

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provided, however, that no bank, trust company ~~or national bank~~, savings bank, or savings and loan association, whether state or federally chartered, industrial loan and thrift company, or small loan company authorized to do business in this state shall be required to obtain a license under sections 168.66 to 168.77.

(b) The application for ~~such~~ a license shall be in writing, under oath and in the form prescribed by the administrator. The application shall contain the name of the applicant; date of incorporation, if incorporated; the address where the business is or is to be conducted and similar information as to any branch office of the applicant; the name and resident address of the owner or partners, or, if a corporation or association, of the directors, trustees and principal officers, and ~~such~~ other pertinent information ~~as the administrator may require~~ requires.

(c) The licensee fee for the fiscal year beginning July 1 and ending June 30 of the following year, or any part thereof shall be the sum of \$150 for the principal place of business of the licensee, and the sum of \$75 for each branch of the licensee, maintained in this state. Any licensee who proves to the satisfaction of the administrator, by affidavit or other proof satisfactory to ~~said~~ the administrator, that during the twelve calendar months of the immediately preceding fiscal year, for which his license has been paid that he has not held retail installment contracts exceeding \$15,000 in amount, shall be entitled to a refund of that portion of each license fee paid in excess of \$25. The administrator shall certify to the commissioner of finance that the licensee is entitled to ~~such~~ a refund, and payment thereof shall be made by the state treasurer. The amount necessary to pay for the refundment of ~~such~~ the license fee is ~~herely~~ hereby appropriated out of the general fund. All license fees received by the administrator under sections 168.66 to 168.77 shall be deposited with the state treasurer.

(d) Each license shall specify the location of the office or branch and must be conspicuously displayed there. In case ~~such~~ the location be changed, the administrator shall endorse the change of location on the license.

(e) Upon the filing of such application, and the payment of ~~said~~ the fee, the administrator shall issue a license to the applicant to engage in the business of a sales finance company under and in accordance with the provisions of sections 168.66 to 168.77 for a period which shall expire the last day of June next following the date of its issuance. ~~Such~~ The license shall not be transferable or assignable. No licensee shall transact any business provided for by sections 168.66 to 168.77 under any other name.

Sec. 16. Minnesota Statutes 1980, Section 168.705, is amended to read:  
168.705 EXAMINATIONS.

For the purpose of discovering violations of sections 168.66 to 168.77 or securing information lawfully required by him hereunder, the administrator

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may, at any time, either personally or by a person or persons duly designated by him, investigate the conditional sales contracts and business related to the conditional sales contracts and examine the books, accounts, records, and files used therein, of every licensee and of every person who shall be engaged in the business of a sales finance company, whether the person shall act as principal or agent, or under or without the authority of sections 168.66 to 168.77. For that purpose, the administrator and his duly designated representative shall have free access to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all ~~such~~ these persons. The administrator and all persons duly designated by him shall have authority to require the attendance of and to examine, under oath, all persons whomsoever whose testimony he may require relative to the conditional sales contract or the business or to the subject matter of any examination, investigation, or hearing.

The administrator shall make ~~such~~ an examination of the affairs, business, office, and records of each licensee at least once ~~each year~~ every two calendar years. Each licensee shall pay to the administrator ~~such~~ an amount as may be required under section 46.131, and the administrator may maintain an action for the recovery of ~~such~~ the costs in any court of competent jurisdiction.

Sec. 17. Minnesota Statutes 1980, Section 300.025, is amended to read:

**300.025 ORGANIZATION, CERTIFICATE.**

Any three or more persons may form a corporation for any of the purposes specified in section 47.12 by complying with the conditions hereinafter prescribed; provided, no corporation shall be formed under this section which might be formed under the Minnesota business corporation act. They shall subscribe and acknowledge a certificate specifying:

(1) The name, the general nature of its business, and the principal place of transacting the same. ~~Such~~ The name shall distinguish it from all other corporations, domestic or foreign, authorized to do business in this state, and shall contain the word "company," "corporation," "bank," "association," or "incorporated". ~~In the case of a state bank the name shall contain the words "state bank."~~

(2) The period of its duration, if limited.

(3) The names and places of residence of the incorporators.

(4) In what board its management shall be vested, the date of the annual meeting at which it shall be elected, and the names and addresses of those composing the board until the first election, a majority of whom shall always be residents of this state.

(5) The amount of capital stock, if any, how the same is to be paid in, the number of shares into which it is to be divided, and the par value of each share; and, if there is to be more than one class, a description and the terms of issue of each, and the method of voting thereon.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(6) The highest amount of indebtedness or liability to which the corporation shall at any time be subject.

It may contain any other lawful provision defining and regulating the powers and business of the corporation, its officers, directors, trustees, members, and stockholders provided that corporations subject to provisions of section 48.27 may show their highest amount of indebtedness to be 30 times the amount of its capital and actual surplus.

**Sec. 18. REPEALER.**

(a) Minnesota Statutes 1980, Section 46.131, Subdivision 6 is repealed.

(b) Minnesota Statutes 1980, Section 47.17 is repealed.

**Sec. 19. EFFECTIVE DATES.**

Sections 2 and 18, clause (a) are effective July 1, 1981. The remaining sections are effective the day following final enactment.

Approved May 18, 1981

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**CHAPTER 221 — S.F.No. 732**

*An act relating to insurance; revising the statutory provisions relating to surplus lines insurance; clarifying its operation and coverage; providing penalties; proposing new law coded in Minnesota Statutes, Chapter 60A; repealing Minnesota Statutes 1980, Section 60A.20.*

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

**Section 1. ~~[60A.195]~~ CITATION.**

Sections 1 to 14 shall be known and may be cited as the Minnesota surplus lines insurance act.

**Sec. 2. ~~[60A.196]~~ DEFINITIONS.**

Unless the context otherwise requires, the following terms have the meanings given them for the purposes of sections 1 to 14:

(a) "Surplus lines insurance" means insurance placed with an insurer permitted to transact the business of insurance in this state only pursuant to sections 1 to 14.

(b) "Eligible surplus lines insurer" means an insurer recognized as eligible to write insurance business under sections 1 to 14 but not licensed by any other Minnesota law to transact the business of insurance.

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**