

ing, constructing, rehabilitating, managing, supporting, or preserving housing projects and housing development projects, including low-income housing tax credit projects. These limited partnerships, limited liability companies, or corporations are subject to all of the provisions of sections 469.001 to 469.047 and other laws that apply to housing and redevelopment authorities, as if the limited partnership, limited liability company, or corporation were a housing and redevelopment authority.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

Presented to the governor May 13, 2003

Signed by the governor May 16, 2003, 4:01 p.m.

CHAPTER 51—S.F.No. 1069

An act relating to commerce; regulating financial institution examinations, applications, loans, advertising, and organizational provisions; revising the standard nonforfeiture law for individual deferred annuities; regulating the deposit and investment of local public funds; making various technical changes; repealing obsolete rules; amending Minnesota Statutes 2002, sections 46.04, subdivision 1; 46.041, subdivision 2; 47.015, by adding a subdivision; 47.101, subdivision 2; 47.59, subdivision 2; 47.67; 48.08; 48.24, subdivision 6; 52.06, subdivision 1; 61A.245, subdivisions 3, 4, 5, 6, 12; 118A.03, subdivisions 2, 3; 300.025; 300.23; 332.29, subdivision 1; repealing Minnesota Rules, parts 2675.0300; 2675.2250; 2675.6400.

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

Section 1. Minnesota Statutes 2002, section 46.04, subdivision 1, is amended to read:

Subdivision 1. **GENERAL.** The commissioner of commerce, referred to in chapters 46 to 59A, and sections 332.12 to 332.29, 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 examiner, and 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 commerce 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 every ~~18~~ 24 calendar months. 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

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companies which do not have deposit liabilities and licensed regulated lenders, 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 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. It shall be the further purpose of these examinations to assess the adequacy of capital protection and the capacity of the institution to meet usual and reasonably anticipated deposit withdrawals and other cash commitments without resorting to excessive borrowing or sale of assets at a significant loss, and to investigate each institution's compliance with applicable laws and rules. Based on the examination findings, the commissioner shall make a determination as to whether the institution is being operated in a safe and sound manner. None of the above provisions limits the commissioner in making additional examinations as deemed necessary or advisable. 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. The commissioner may make requirements as to records as deemed necessary to facilitate the carrying out of the commissioner's duties and to properly protect the public interest. 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 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 under 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 official duties, the commissioner of commerce 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 commerce as the commissioner may require; attend and answer, under oath, the commissioner's lawful inquiries; produce and exhibit any books, accounts, documents, and property as the commissioner may desire to inspect, and in all things aid the commissioner in the performance of duties.

Sec. 2. Minnesota Statutes 2002, section 46.041, subdivision 2, is amended to read:

Subd. 2. **NOTICE OF FILING APPLICATION; PUBLICATION.** Upon notice of acceptance of an application as complete in all respects for filing, the applicant shall within 30 days of the receipt of the form prescribed by the commissioner, publish a notice of the filing of the application, in a qualified newspaper published in the municipality in which the proposed bank is to be located, and if there

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is no such newspaper, then in a qualified newspaper likely to give notice in the municipality in which the bank is proposed to be located. The notice must 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 bank.

Sec. 3. Minnesota Statutes 2002, section 47.015, is amended by adding a subdivision to read:

Subd. 5. PERMISSIVE CLOSING ON DECEMBER 24. A financial institution may close at noon on December 24 or on December 31. The financial institution shall post on its premises a written notice of the closing.

Sec. 4. Minnesota Statutes 2002, section 47.101, subdivision 2, is amended to read:

Subd. 2. BANKING INSTITUTIONS; CERTAIN RELOCATIONS, APPLICATIONS, NOTICE, APPROVAL. A banking institution defined in section 48.01, subdivision 2, desiring to relocate its main office within the lesser of a radius of three miles measured in a straight line or the municipality, as defined in section 47.51, in which it is located shall notify the commissioner of commerce in a form prescribed by the commissioner of commerce. The applicant shall publish once in a form prescribed by the commissioner a notice of the relocation in a qualified newspaper published in the municipality where the banking institution is located. If there are no such newspapers, then notice shall be published in qualified newspapers likely to give notice in the municipality. The applicant shall cause the notice to be publicly displayed in its lobby and sent by certified mail to all banking institutions within three miles of the proposed location measured in a straight line.

Sec. 5. Minnesota Statutes 2002, section 47.59, subdivision 2, is amended to read:

Subd. 2. APPLICATION. Extensions of credit or purchases of extensions of credit by financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, 47.60, 48.153, 48.185, 48.195, 59A.01 to 59A.15, 334.01, 334.011, 334.012, ~~334.021~~ 334.022, 334.06, and 334.061 to 334.19 may, but need not, be made according to those sections in lieu of the authority set forth in this section to the extent those sections authorize the financial institution to make extensions of credit or purchase extensions of credit under those sections. If a financial institution elects to make an extension of credit or to purchase an extension of credit under those other sections, the extension of credit or the purchase of an extension of credit is subject to those sections and not this section, except this subdivision, and except as expressly provided in those sections. A financial institution may also charge an organization a rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit a financial institution elects to make under section 334.01, 334.011, 334.012, 334.021, 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made according to this section or the sections listed in this subdivision. This subdivision does not authorize a financial institution to extend credit or purchase an extension of credit under any of the sections listed in this subdivision if the financial institution is not

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authorized to do so under those sections. A financial institution extending credit under any of the sections listed in this subdivision shall specify in the promissory note, contract, or other loan document the section under which the extension of credit is made.

Sec. 6. Minnesota Statutes 2002, section 47.67, is amended to read:

47.67 ADVERTISING.

No advertisement by a person which relates to an electronic financial terminal may be inaccurate or misleading with respect to such a terminal. Except with respect to direct mailings by financial institutions to their customers, the advertising of rate of interest paid on accounts in connection with electronic financial terminals is prohibited. ~~Any advertisement, either on or off the site of an electronic financial terminal, promoting the use or identifying the location of an electronic financial terminal, which identifies any financial institution, group or combination of financial institutions, or third parties as owning or providing for the use of its services is prohibited. The following shall be expressly permitted:~~

(a) ~~a simple directory listing placed at the site of an electronic financial terminal identifying the particular financial institutions using its services;~~

(b) ~~the use of a generic name, either on or off the site of an electronic financial terminal, which does not promote or identify any particular financial institution, group or combination of financial institutions, or any third parties;~~

(c) ~~media advertising or direct mailing of information by a financial institution or retailer identifying locations of electronic financial terminals and promoting their usage;~~

(d) ~~any advertising, whether on or off the site, relating to electronic financial terminals, or the services performed at the electronic financial terminals located on the premises of the main office, or any office or detached facility of any financial institution;~~

(e) ~~a coupon or other promotional advertising that is printed upon the reverse side of the receipt or record of each transaction required under section 47.69, subdivision 6; and~~

(f) ~~promotional advertising displayed on the electronic screen.~~

Sec. 7. Minnesota Statutes 2002, section 48.08, is amended to read:

48.08 DIRECTORS AND OFFICERS, RESTRICTED USE OF BANK FUNDS; DEALINGS WITH BANK.

No director, officer or employee shall, directly or indirectly, in any manner, use the funds of the bank, or any part thereof, except in its regular business transactions, and every loan made to any of its directors, officers, employees, or agents shall be upon the same security required of others and in strict conformity to its rules and regulations. ~~Every such loan, or line of credit for a stated amount and not to run for more than one year, shall be authorized in advance by the board and acted upon in the absence of the~~

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applicant, except that a loan to a director, officer, or employee for an amount which will not increase such a liability to exceed the greater of (a) \$25,000 or (b) five percent of the bank's capital and unimpaired surplus or \$500,000, whichever is less, may be made without previous approval but shall be acted upon by the board at the next succeeding regular meeting. No cashier or other officer or employee of a bank shall sell to the bank, directly or indirectly, any mortgage, bond, note, stock, or other security without the written approval of the board of directors, filed in the office of the bank or embodied in a resolution adopted by the board. A copy of this written approval or resolution shall immediately be sent to the commissioner of commerce.

Sec. 8. Minnesota Statutes 2002, 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 indebtedness of the United States, of federal land banks, of this state or of any county, city, town, hospital district, 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. This includes bankers' acceptances or participations in bankers' acceptances of the kind and maturities made eligible by law for rediscount with, or purchase by, federal reserve banks, providing the same are accepted or endorsed by a bank or trust company incorporated under the laws of this state; or by any bank or trust company in the United States which is a member of the Federal Reserve system.

(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.

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(4) Total loans to an obligor secured by either certificates of deposit, or savings certificates or both, of any such bank to the extent of the total of such certificates pledged as security segregated deposit accounts in the lending bank, provided that a security interest in the deposit has been perfected. Where the deposit is eligible for withdrawal before the secured loan matures, the bank shall establish internal procedures to prevent release of the deposit without the lending bank's prior consent.

(5) Debentures issued under the authority of the federal National Mortgage Association.

(6) Obligations representing loans from one business day to the next to any state bank or national banking association of excess reserve balances from time to time maintained under the provisions of section 48.221, or of section 19 of the Federal Reserve Act, as amended, United States Code, title 12, sections 461 et seq.

Sec. 9. Minnesota Statutes 2002, section 52.06, subdivision 1, is amended to read:

Subdivision 1. **REPORT AND AUDIT SCHEDULE.** Credit unions shall be under the supervision of the commissioner of commerce. Each credit union shall annually, on or before January 25, file a report with the commissioner of commerce on forms supplied by the commissioner for that purpose giving such relevant information as the commissioner may require concerning the operations during the preceding calendar year. Additional reports may be required. Credit unions shall be examined, at least once every ~~18~~ 24 calendar months, by the commissioner of commerce. Further, in lieu of this examination the commissioner may accept any examination made by the National Credit Union Administration, provided a copy of the examination is furnished to the commissioner. A report of the examination by the commissioner of commerce shall be forwarded to the president, or the chair of the board if the position is so designated pursuant to section 52.09, subdivision 4, of the examined credit union within 60 days after completion of the examination. Within 60 days of the receipt of such report, a general meeting of the directors and committees shall be called to consider matters contained in the report. For failure to file reports when due, unless excused for cause, the credit union shall pay to the state treasurer \$5 for each day of its delinquency.

Sec. 10. Minnesota Statutes 2002, section 61A.245, subdivision 3, is amended to read:

Subd. 3. (a) In the case of contracts issued on or after the operative date specified in subdivision 12, no contract of annuity, except as stated in subdivision 2, shall be delivered or issued for delivery in this state unless it contains in substance the following provisions, or corresponding provisions which in the opinion of the commissioner are at least as favorable to the contract holder, upon cessation of payment of considerations under the contract:

(a) (1) that upon cessation of payment of considerations under a contract, or upon the written request of the contract owner, the company will shall grant a paid-up annuity benefit on a plan stipulated in the contract of the value specified in subdivisions 5, 6, 7, 8 and 10;

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(b) ~~(2)~~ if a contract provides for a lump sum settlement at maturity, or at any other time, that upon surrender of the contract at or prior to the commencement of any annuity payments, the company ~~will~~ shall pay in lieu of any paid-up annuity benefit a cash surrender benefit of the amount specified in subdivisions 5, 6, 8 and 10. The company ~~shall~~ may reserve the right to defer the payment of the cash surrender benefit for a period of ~~not to exceed~~ six months after demand therefor with surrender of the contract after making a written request and receiving written approval of the commissioner. The request must address the necessity and equitability to all contract holders of the deferral;

(c) ~~(3)~~ a statement of the mortality table, if any, and interest rates used in calculating any minimum paid-up annuity, cash surrender or death benefits that are guaranteed under the contract, together with sufficient information to determine the amounts of the benefits; and

(d) ~~(4)~~ a statement that any paid-up annuity, cash surrender or death benefits that may be available under the contract are not less than the minimum benefits required by any statute of the state in which the contract is delivered and an explanation of the manner in which the benefits are altered by the existence of any additional amounts credited by the company to the contract, any indebtedness to the company on the contract or any prior withdrawals from or partial surrenders of the contract.

(b) Notwithstanding the requirements of this section subdivision, any deferred annuity contract may provide that if no considerations have been received under a contract for a period of two full years and the portion of the paid-up annuity benefit at maturity on the plan stipulated in the contract arising from considerations paid prior to the that period would be less than \$20 monthly, the company may at its option terminate the contract by payment in cash of the then present value of the portion of the paid-up annuity benefit, calculated on the basis of the mortality table, if any, and interest rate specified in the contract for determining the paid-up annuity benefit, and by the payment shall be relieved of any further obligation under the contract.

Sec. 11. Minnesota Statutes 2002, section 61A.245, subdivision 4, is amended to read:

Subd. 4. The minimum values as specified in subdivisions 5, 6, 7, 8 and 10 of any paid-up annuity, cash surrender or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this subdivision.

(a) ~~With respect to contracts providing for flexible considerations,~~ The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to that time at a ~~rate~~ rates of interest of ~~three percent per annum as indicated in paragraph (b) of percentages~~ of the net considerations, as defined in this subdivision, paid prior to that time, decreased by the sum of clauses (1) through (4):

(i) ~~(1)~~ any prior withdrawals from or partial surrenders of the contract accumulated at a ~~rate~~ rates of interest of ~~three percent per annum and~~ (ii) as indicated in paragraph (b);

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(2) an annual contract charge of \$50, accumulated at rates of interest as indicated in paragraph (b);

(3) any premium tax paid by the company for the contract and not subsequently credited back to the company, such as upon early termination of the contract, in which case this decrease must not be taken, accumulated at rates of interest as indicated in paragraph (b); and

(4) the amount of any indebtedness to the company on the contract, including interest due and accrued; and increased by any existing additional amounts credited by the company to the contract.

The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount not less than zero and shall be equal to the corresponding 87.5 percent of the gross considerations credited to the contract during that contract year less an annual contract charge of \$30 and less a collection charge of \$1.25 per consideration credited to the contract during that contract year. The percentages of net considerations shall be 65 percent of the net consideration for the first contract year and 87.5 percent of the net considerations for the second and later contract years. Notwithstanding the provisions of the preceding sentence, the percentage shall be 65 percent of the portion of the total net consideration for any renewal contract year which exceeds by not more than two times the sum of those portions of the net considerations in all prior contract years for which the percentage was 65 percent.

(b) With respect to contracts providing for fixed scheduled considerations, minimum nonforfeiture amounts shall be calculated on the assumption that considerations are paid annually in advance and shall be defined as for contracts with flexible considerations which are paid annually with two exceptions:

(1) the portion of the net consideration for the first contract year to be accumulated shall be the sum of 65 percent of the net consideration for the first contract year plus 22.5 percent of the excess of the net consideration for the first contract year over the lesser of the net considerations for the second and third contract years; and

(2) the annual contract charge shall be the lesser of (i) \$30 or (ii) ten percent of the gross annual consideration.

(c) With respect to contracts providing for a single consideration, minimum nonforfeiture amounts shall be defined as for contracts with flexible considerations except that the percentage of net consideration used to determine the minimum nonforfeiture amount shall be equal to 90 percent and the net consideration shall be the gross consideration less a contract charge of \$75.

(b) The interest rate used in determining minimum nonforfeiture amounts must be an annual rate of interest determined as the lesser of three percent per annum and the following, which must be specified in the contract if the interest rate will be reset:

(1) the five-year constant maturity treasury rate reported by the Federal Reserve as of a date, or average over a period, rounded to the nearest 1/20 of one percent,

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specified in the contract no longer than 15 months prior to the contract issue date or redetermination date under clause (4);

(2) reduced by 125 basis points;

(3) where the resulting interest rate is not less than one percent; and

(4) the interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis, and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year constant maturity treasury rate to be used at each redetermination date.

(c) During the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase the reduction described in clause (2) by up to an additional 100 basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction must not exceed the market value of the benefit. The commissioner may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. Lacking such a demonstration that is acceptable to the commissioner, the commissioner may disallow or limit the additional reduction.

Sec. 12. Minnesota Statutes 2002, section 61A.245, subdivision 5, is amended to read:

Subd. 5. Any paid-up annuity benefit available under a contract shall be such that its present value on the date annuity payments are to commence is at least equal to the minimum nonforfeiture amount on that date. The present value shall be computed using the mortality table, if any, and the interest rate rates specified in the contract for determining the minimum paid-up annuity benefits guaranteed in the contract.

Sec. 13. Minnesota Statutes 2002, section 61A.245, subdivision 6, is amended to read:

Subd. 6. For contracts which provide cash surrender benefits, the cash surrender benefits available prior to maturity shall not be less than the present value as of the date of surrender of that portion of the maturity value of the paid-up annuity benefit which would be provided under the contract at maturity arising from considerations paid prior to the time of cash surrender reduced by the amount appropriate to reflect any prior withdrawals from or partial surrenders of the contract, the present value being calculated on the basis of an interest rate not more than one percent higher than the interest rate specified in the contract for accumulating the ~~net~~ considerations to determine the maturity value, decreased by the amount of any indebtedness to the company on the contract, including interest due and accrued, and increased by any existing additional amounts credited by the company to the contract. In no event shall any cash surrender benefit be less than the minimum nonforfeiture amount at that time. The death benefit under the contracts shall be at least equal to the cash surrender benefit.

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Sec. 14. Minnesota Statutes 2002, section 61A.245, subdivision 12, is amended to read:

Subd. 12. After August 1, 1978, any company may file with the commissioner a written notice of its election to comply with the provisions of this section after a specified date before August 1, 1980. After the filing of such notice, then upon the specified date, which shall be considered the operative date of this section for such company, this section shall become operative with respect to annuity contracts thereafter issued by the company. If a company makes no election, the operative date of this section for the company shall be August 1, 1980. After the effective date of this act, a company may elect to apply its provisions to annuity contracts on a contract form-by-contract form basis before the second anniversary of the effective date of this act. In this instance, the operative date of this act is the date elected for the contract form. In all other instances, this act applies to annuity contracts issued by the company after the second anniversary of this act, which then becomes the operative date of the act.

Sec. 15. Minnesota Statutes 2002, section 118A.03, subdivision 2, is amended to read:

Subd. 2. **IN LIEU OF SURETY BOND.** The following are the allowable forms of collateral in lieu of a corporate surety bond:

- (1) United States government treasury bills, treasury notes, treasury bonds;
- (2) issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- (3) general obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- (4) unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- (5) irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- (5) (6) time deposits that are fully insured by the Federal Deposit Insurance Corporation.

Sec. 16. Minnesota Statutes 2002, section 118A.03, subdivision 3, is amended to read:

Subd. 3. **AMOUNT.** The total amount of the collateral computed at its market value shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the business day, except that where the collateral is irrevocable standby

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letters of credit issued by Federal Home Loan Banks, the amount of collateral shall be at least equal to the amount on deposit plus accrued interest at the close of the business day. The financial institution may furnish both a surety bond and collateral aggregating the required amount.

Sec. 17. Minnesota Statutes 2002, section 300.025, is amended to read:

300.025 ORGANIZATION OF FINANCIAL CORPORATIONS.

(a) Three or more persons may form a corporation for any of the purposes specified in section 47.12 by applying to the department of commerce and complying with all applicable organizational requirements and the conditions set out in clauses (1) to (7). However, no corporation may be formed under this section if it may be formed under the Minnesota Business Corporation Act. The incorporators must subscribe a certificate specifying:

(1) the corporation's name, which must distinguish it from all other corporations authorized to do business in this state, and must contain the word "company," "corporation," "bank," "association," or "incorporated";

(2) the general nature of the corporation's business and its principal place of business;

(3) the period of its duration, if limited;

(4) the names and places of residence of the incorporators;

(5) the board in which the management of the corporation will be vested, the date of the annual meeting at which it will be elected, and the names and addresses of the board members until the first election, a majority of whom must always be either residents of this state or reside within 50 miles of the main office of the financial corporation;

(6) the amount of capital stock, if any, how the capital stock 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 class, and the method of voting on each class; and

(7) the highest amount of indebtedness or liability to which the corporation will at any time be subject.

The certificate may contain any other lawful provision defining and regulating the powers and business of the corporation, its officers, directors, trustees, members, and stockholders. However, a corporation subject to section 48.27 may show its highest amount of indebtedness to be 30 times the amount of its capital and actual surplus.

(b) A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 5.22.

Sec. 18. Minnesota Statutes 2002, section 300.23, is amended to read:

300.23 VOTING, HOW REGULATED.

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Unless otherwise provided in the certificate or bylaws, at every meeting each stockholder or member is entitled to one vote in person, or by proxy made within one year or other time specially limited by law, for each share or other lawful unit of representation held in an individual, corporate, or representative capacity. ~~No stock may be voted on at an election within 20 days after its transfer on the books of the corporation. In the case of a banking corporation, the commissioner of commerce may waive the 20-day limitation.~~

Sec. 19. Minnesota Statutes 2002, section 332.29, subdivision 1, is amended to read:

Subdivision 1. **EXAMINATION; AUDIT.** The commissioner shall examine the books and records of every licensee hereunder and of any person engaged in the business of debt prorating service as defined in section 332.13 at least once every ~~18~~ 24 calendar months. The commissioner once during any calendar year, may require the submission of an audit prepared by a certified public accountant of the books and records of each licensee hereunder. If the licensee has, within one year previous to the commissioner's demand, had an audit prepared for some other purpose, this audit may be submitted to satisfy the requirement of this section. The commissioner may investigate any complaint concerning violations of sections 332.12 to 332.29 and may require the attendance and sworn testimony of witnesses and the production of documents.

Sec. 20. **REPEALER.**

Minnesota Rules, parts 2675.0300; 2675.2250; and 2675.6400, are repealed effective the day following final enactment.

Sec. 21. **EFFECTIVE DATES.**

Sections 1 to 9 and 15 to 20 are effective the day following final enactment. Sections 10 to 14 are effective August 1, 2003, and apply to annuity contracts issued on or after that date.

Presented to the governor May 13, 2003

Signed by the governor May 16, 2003, 3:45 p.m.

CHAPTER 52—S.F.No. 645

An act relating to landlords and tenants; providing for assignment of certain eviction actions to city attorney; providing for interest rates on security deposits; amending Minnesota Statutes 2002, sections 504B.171, subdivision 2; 504B.178, subdivision 2.

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

Section 1. Minnesota Statutes 2002, section 504B.171, subdivision 2, is amended to read:

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