

CHAPTER 48

BANKS AND TRUST COMPANIES

Sec.		Sec.	
48.01	Definitions	48.44	Banks may organize as trust company
48.02	Capital and surplus; prepayment of capital	48.45	Corporate names
48.03	Stock list; filing; transfer; liability of stockholders	48.46	Authorized securities purchased
48.04	Increase and reduction of capital	48.47	Banking and trust company business carried on
48.05	Capital not to be withdrawn; dividends	48.48	Reports to commissioner
48.06	Directors; qualifications	48.49	Books to be kept
48.07	Officers; appointment, removal	48.50	Demand deposits; interest, when not paid on
48.08	Directors and officers, restricted use of bank funds; dealings with bank	48.51	Demand deposits, what are
48.09	Dividends; surplus	48.515	Deposit of demand items; time credited
48.10	Examining committee	48.521	Definitions for 48.521 to 48.528
48.11	Contracts, how made	48.522	Abandoned funds escheat to state
48.12	Bonds of officers and employees	48.523	Abandoned funds
48.13	Conditions of bonds	48.524	Lists of abandoned funds filed
48.14	Examinations, reports to show names of bonded officers and employees	48.525	Escheated funds
48.15	Special powers	48.526	Moneys credited to general revenue fund
48.153	Banks; instalment loans; interest in advance	48.527	Owners may sue state to recover money
48.154	Prepayment; refund; limitation	48.528	Violations of 48.521 to 48.528; penalties
48.155	Allowable additional charges	48.56	Banking institutions may use federal banking act
48.156	Loan due on default	48.57	Federal deposit insurance corporation as receiver or liquidator
48.157	Copy of note to borrower	48.58	Right of subrogation
48.16	Banks may not pledge assets; exceptions	48.59	Commissioner may accept examinations and reports of corporation
48.17	Powers of officers or employees	48.60	Commissioner may borrow money
48.18	Pledges or liens of assets subject to prior liens	48.61	Authorized investments for state banks
48.19	Loans on real estate restricted	48.62	Banks may issue notes or debentures
48.20	Unauthorized pledges, notes, liens void	48.63	Banks need not give security for deposits
48.21	May hold real estate; restrictions	48.64	Deposits of trust funds
48.22	Cash reserve in banks	48.65	Trust companies to comply with certain laws
48.23	Bank not to lend on its own stock, or purchase same	48.66	National banks may act as fiduciaries
48.24	Restrictions upon total liability to a bank	48.67	Capital of trust companies
48.245	Minority of war veterans not to affect their contracts for loans	48.68	Directors; qualifications; vacancies, how filled
48.25	Rate of interest on savings deposits	48.69	Certain trust companies may assume powers of state banks
48.26	Application	48.70	Certificates to be amended
48.27	No deposits in excess of 25 times amount of capital and surplus	48.71	Department to approve certificates
48.28	Commissioner to take possession and liquidate unless deposits are reduced	48.72	Application
48.29	Payment of forged or raised check; liability; notice to depositor	48.73	Powers and duties of trust companies
48.30	Deposits by minor or in trust; joint deposits	48.74	Trust accounts kept separate; securities, how deposited
48.31	State banks organized from national banks	48.75	Prohibited dealings and indebtedness
48.32	State banks or trust companies may be members of federal reserve banks	48.76	Powers of court; annual report to the court and to the commissioner
48.33	Execution of trust	48.77	Procedure upon violation of law or insolvency
48.34	Branch banks prohibited	48.78	Agent or attorney in fact, acting as
48.35	Clearing houses	48.79	Acting as assignee, receiver, or executor
48.36	Application	48.80	Compensation; commission not deemed interest
48.37	Certificates from commissioner	48.81	Investment powers; limitation
48.38	Powers and duties	48.82	Deposits of trust and other funds received
48.39	Trust accounts recorded	48.83	Deposit with trust company instead of a larger bond
48.40	Subject to orders of court	48.84	Corporate trustee, investment of trust funds; commingling funds
48.41	Corporate name	48.85	Transfer of trusts to company; condition
48.42	Bank may be designated as savings bank	48.86	Trust funds; investment of accumulations
48.43	Banks may cease operations; duties of commissioner	48.87	Deposit of securities
		48.88	Violations; penalties

48.01 DEFINITIONS. Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly indicates that a different meaning is intended, the term defined in subdivision 2, for the purposes of sections 48.57, 48.58, and 48.59, shall have that meaning; and the term defined in subdivision 3, for the purposes of this chapter, shall have that meaning.

Subd. 2. **Banking institution.** The term "banking institution" means any bank, trust company, bank and trust company, or mutual savings bank which is now or may hereafter be organized under the laws of this state.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of banks of the banking division of the department of commerce of the State of Minnesota.

[1935 c. 319 s. 1] (7658-6)

48.02 CAPITAL AND SURPLUS; PREPAYMENT OF CAPITAL. The capital of every bank of discount and deposit hereafter organized shall be at least \$20,000 and a surplus of at least \$4,000 in a municipality of not over 1,000 population, and at least \$25,000 and a surplus of at least \$5,000 in one over 1,000 and not over 5,000, and at least \$40,000 and a surplus of at least \$8,000 in one over 5,000 and not over 100,000, and at least \$50,000 and a surplus of at least \$10,000 in one over 100,000; provided, that the department, in its discretion, may permit the organization of a bank with \$10,000 capital and a surplus of \$2,000 in a municipality with a population of less than 500 wherein there is no bank; and payment thereof shall be made in full, in cash, and certified to the commissioner, under oath of the president and cashier, before it shall be authorized to commence business.

[R. L. s. 2983] (7659)

48.03 STOCK LIST; FILING; TRANSFER; LIABILITY OF STOCKHOLDERS. The president and cashier of any bank of discount and deposit shall, at all times, keep an accurate verified list of all its stockholders, with the amount of stock held by each, the dates of all transfers and names of transferees, and on May first, annually, file a copy thereof with the register of deeds and the commissioner. The stockholders in each bank of discount and deposit shall be individually liable in an amount equal to the amount of stock owned by them for all the debts of the bank and for all transactions prior to any transfer thereof. Every person becoming a stockholder shall succeed, in proportion to his interest, to all the rights and become subject to all the liabilities of his transferrers; but the liability of the latter shall continue for one year after the entry of the transfer, and shall be over and above the stock owned by the stockholders in the corporation and any amount paid thereon. Any bank heretofore organized under this chapter may come under the provisions of this section as to the liability of its stockholders by amending its articles so as to declare that it adopts and agrees to be subject to this chapter as to all of its liabilities. This amendment shall be adopted and published in the same manner as the original articles. All banks of discount and deposit which do not so amend their articles and become subject to this section within six months after its passage shall thereafter use upon their letterheads and all stationery and advertising matter the words: "Stockholders in this bank subject to single liability only."

[R. L. s. 2985; 1907 c. 137 s. 1] (7669)

48.04 INCREASE AND REDUCTION OF CAPITAL. No increase or reduction of the capital of any such bank shall be valid until the entire new capital has been paid in cash, and certified to the commissioner under oath of the president, vice-president, or cashier. The commissioner shall thereupon issue his certificate of that fact and of his approval thereof. No reduction shall affect the liability of any stockholder for any indebtedness incurred prior thereto.

[R. L. s. 3003] (7691)

48.05 CAPITAL NOT TO BE WITHDRAWN; DIVIDENDS. No portion of the capital of any such bank shall ever be withdrawn by any person or in any way, either in dividends or otherwise, except upon reduction as provided by law. No dividend shall ever be made except out of net profits after deducting all indebtedness, losses, and amounts receivable more than one year overdue and not well secured.

[R. L. s. 2997] (7681)

48.06 DIRECTORS; QUALIFICATIONS. When the number of directors shall exceed nine, they may designate, semiannually, by resolution, nine of their number, a majority of whom shall constitute a quorum for the transaction of business. Every director of a bank whose capital is \$25,000 or more shall actually own at least \$1,000 of full paid stock, and in those with a capital less than that sum at least \$500, and shall take and subscribe an oath that he is the owner in good faith and in his own right of such amount of stock, that the same is not in any way pledged for any loan or debt, and that he will faithfully perform his 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 office.

[R. L. s. 2986; 1927 c. 260 s. 1] (7670)

48.07 OFFICERS; APPOINTMENT, REMOVAL. The board of directors of a bank or trust company organized under the laws of this state shall have full power and authority at any time to appoint and remove any officer or employee.

[1927 c. 259 s. 1] (7699-4)

48.08 DIRECTORS AND OFFICERS, RESTRICTED USE OF BANK FUNDS; DEALINGS WITH BANK. No director 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, servants, or agents shall be upon the same security required of others and in strict conformity to its rules and regulations. Every such loan shall be made by the board and acted upon in the absence of the applicant. 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 banks.

[R. L. s. 2989; 1925 c. 305] (7673)

48.09 DIVIDENDS; SURPLUS. At the end of each dividend period, after deducting all necessary expenses, losses, interest, and taxes due or levied, the remaining net profits for the period shall be set aside as a surplus fund until it equals one-fifth of the capital stock. The directors may then declare a dividend of so much of the remainder as they may think expedient. When in any way impaired the surplus fund shall be raised to this percentage in like manner.

[R. L. s. 2987; 1939 c. 38 s. 1] (7671)

48.10 EXAMINING COMMITTEE. The board of directors shall annually appoint from its members an examining committee, which shall examine the condition of the bank annually, and oftener if required by the commissioner of banks. The examining committee shall forthwith make, in duplicate, a verified detailed report of all assets carried on the books in excess of the actual value thereof, specifying the latter, and deliver the same to the cashier, who shall forthwith transmit one copy to the commissioner and duly record the other. The directors may employ such assistants in making such examination as they deem necessary providing that examiners having statutory power to examine said bank shall not be permitted to act as such assistants.

[R. L. s. 2988; 1945 c. 94 s. 1] (7672)

48.11 CONTRACTS, HOW MADE. Every contract made by any bank, except routine business, shall be first duly authorized by resolution of its board of directors, signed by the president or vice-president and by the cashier or some other officer specially designated by the board, and have its corporate seal impressed thereon.

[R. L. s. 2994] (7678)

48.12 BONDS OF OFFICERS AND EMPLOYEES. Every state bank shall be protected against loss by reason of the unlawful act of any of its officers or employees by a surety bond in an amount approved by the board of directors, issued by a solvent corporate surety in good standing authorized to do business in this state, or by a fidelity insurance policy written by a solvent insurance corporation in good standing authorized to do business in this state. The commissioner of banks or the board of directors of such bank may require an increase of the amount of such bond whenever either deems it necessary. This shall not require the bonding or insuring of officers or directors of a bank not having active management or control thereof, or employees of a bank not holding positions of trust. Any bond given or contract of insurance secured shall be in favor of the bank.

[1925 c. 351 s. 1; 1945 c. 72 s. 1] (7699-1)

48.13 CONDITIONS OF BONDS. If a bond is given, it shall be in favor of the bank and shall have one corporate surety, which shall be a solvent insurance corporation in good standing authorized to do business in Minnesota, or at least five individual sureties, not one of whom shall be an officer, director, or stockholder of the bank, and each of whom shall justify in a sum equal to the penalty of the bond and, in addition thereto, each individual surety shall furnish to the bank, in connection with the bond, a verified financial statement showing his solvency and responsibility, which statement shall be renewed and revised annually by each surety. If a contract of insurance is secured, it shall be in favor of the bank and shall be executed by some insurance company possessing the qualifications heretofore specified.

48.14 EXAMINATIONS, REPORTS TO SHOW NAMES OF BONDED OFFICERS AND EMPLOYEES. When an examination is made of a bank by the commissioner, or his examiner, the report of the examination made to the commissioner shall state the names of all the officers and employees of the bank so bonded or

insured, and the penalty of the bonds or the amount of the insurance covering them; and, when the commissioner, after an investigation, finds as a fact that any bank is not adequately protected against loss by reason of the unlawful act of any officer or employee thereof, whether through the omission to secure any bond or contract of insurance, or through the insufficiency of the sureties or the insurer on the bond or policy given, or otherwise, he may require, by written order, that such bonds or contracts of insurance in favor of the bank be obtained as in his opinion would adequately protect the bank against loss by reason of the unlawful act of any of its officers or employees, and shall thereupon notify the bank, by registered mail, of his order; and, if the same is not complied with within 30 days after the date of the mailing of the order, the bank may be closed by him and, if closed, shall not be permitted to resume business until the order has been fully complied with. All such bonds or contracts of insurance shall remain in the custody of the bank protected thereby and shall be available for examination and inspection by the commissioner.

[1925 c. 351 s. 3] (7699-3)

48.15 SPECIAL POWERS. In addition to the inherent and granted powers of corporations in general, any such bank shall have power to exercise, by its board of directors, or duly authorized officers and agents, subject to law, all such powers as shall be necessary to carry on the business of banking by discounting bills, notes, and other evidences of debt, by receiving deposits, by buying and selling gold and silver bullion, foreign coin, promissory notes, mortgages, and other evidences of debt, and foreign and inland bills of exchange, by lending money on real and personal securities and receiving interest on any of the same in advance, and by exercising all the usual and incidental powers and privileges belonging to the business; but it shall not transact any business, except such as is incidental and necessarily preliminary to its establishment, until authorized by the commissioner to commence business.

[R. L. s. 2984] (7660)

48.153 BANKS; INSTALMENT LOANS; INTEREST IN ADVANCE. Any bank or trust company organized under the laws of this state, or any national banking association doing business in the state, making any loan of money not exceeding \$1,500 repayable in instalments, may make a charge for such loan computed at a rate not exceeding six per cent per annum upon the total amount of the loan from the date thereof until the stated maturity date of the final instalment thereof, which shall not exceed three years from the date of the loan, notwithstanding that such loan is required to be repaid in instalments or that the loan is secured by mortgage, pledge, or other collateral or by a deposit account opened concurrently with the making of the loan and assigned as collateral security therefor, which deposit account may evidence deposits made or required to be made periodically, with or without interest, throughout the term of said loan. If the charge so computed shall be less than \$3.00, the amount so charged may nevertheless be \$3.00. Any charge authorized by sections 48.153 to 48.157 may be deducted in advance from the proceeds of such loan or may be included in the principal amount of the note or other instrument evidencing said loan and the aggregate amount thereof be payable in instalments.

[1945 c. 544 s. 1; 1947 c. 314 s. 1]

48.154 PREPAYMENT; REFUND; LIMITATION. The borrower may repay the entire balance of such a loan at any time, and upon such prepayment the borrower shall be entitled to a refund, computed at the rate at which the original charge was computed, upon the amount so prepaid from the date of such prepayment to the stated maturity date of the final instalment; provided, that in any event the lender may retain at least \$3.00 of the original charge.

[1945 c. 544 s. 2]

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

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

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

(c) the premium on any life, property or other insurance taken as security for the loan; provided, that the borrower may himself, at his own cost, procure and deposit with the lender any such insurance if written by a responsible company.

[1945 c. 544 s. 3]

48.156 LOAN DUE ON DEFAULT. Nothing in sections 48.153 to 48.157 shall prohibit the lender from declaring the whole of such loan immediately due and payable upon default if the loan agreement shall so provide.

[1945 c. 544 s. 4]

48.157 COPY OF NOTE TO BORROWER. At the time of making an installment loan under the provisions of sections 48.153 to 48.157, the borrower shall be furnished a copy of the note that he signed and also a copy or statement of all charges made by the bank on such loan.

[1945 c. 544 s. 5]

48.16 BANKS MAY NOT PLEDGE ASSETS; EXCEPTIONS. No bank or trust company shall pledge, hypothecate, assign, transfer, or create a lien upon or charge against any of its assets except to the state or to secure public deposits or to secure deposits of postal savings funds, or to secure money borrowed in good faith from other banks or trust companies, or from any financial agency created by an act of congress; provided, that this section shall not be construed to permit the use of any assets as security for public deposits other than the securities made eligible by law for that purpose.

[1927 c. 257 s. 1; 1931 c. 341; 1933 c. 149 s. 1; 1939 c. 46] (7699-14)

48.17 POWERS OF OFFICERS OR EMPLOYEES. No officer or employee of a bank or trust company shall have power or authority to borrow money, execute guaranties or endorse, otherwise than without recourse, pledge or hypothecate any note, bond, or other obligation belonging to the bank or trust company unless the power and authority shall have been given the officer or employee by the board of directors and a written record thereof made in the minute book of the bank and a certified copy of the record delivered to the creditor, guarantee, pledgee, or endorsee of the note, bond, guaranty, or other obligation.

[1927 c. 257 s. 2] (7699-15)

48.18 PLEDGES OR LIENS OF ASSETS SUBJECT TO PRIOR LIENS. No bank or trust company shall pledge or hypothecate or create a lien upon or charge against any of its assets subject to a prior lien, hypothecation, or charge.

[1927 c. 257 s. 3] (7699-16)

48.19 LOANS ON REAL ESTATE RESTRICTED. Subdivision 1. **Restriction; exception.** No bank or trust company shall make any loan upon the security of real estate unless it is a first lien thereon, except that a bank or trust company may take a junior lien upon real estate to secure a loan previously contracted. Before any such loans are made the value of the real estate shall be determined by an appraisal made by a committee appointed by the board of directors, which appraisal shall be made a matter of record; except that the board may accept an appraisal made by or for an agency of the United States Government when such agency is guaranteeing or insuring the loan or any part thereof.

Subd. 2. **Certain loans validated.** Loans heretofore made by any bank or trust company by acceptance of an appraisal made by or for an agency of the United States Government, and without bank or trust company appraisal, are hereby validated provided the loans related thereto have been guaranteed or insured in whole or in part by such agency.

[1927 c. 257 s. 4; 1947 c. 141 s. 1] (7699-17)

48.20 UNAUTHORIZED PLEDGES, NOTES, LIENS VOID. Any note, endorsement, guaranty, pledge, hypothecation, lien or other obligation given contrary to the provisions of sections 48.16 to 48.18 shall be null and void.

[1927 c. 257 s. 5] (7699-18)

48.21 MAY HOLD REAL ESTATE; RESTRICTIONS. Such bank may purchase, carry as an asset, and convey real estate for the following purposes:

(1) Such as shall be necessary for the convenient transaction of its business, including with its banking office other apartments to rent as a source of income, which investment shall not exceed 40 per cent of its paid-in capital stock and permanent surplus.

(2) Such as is acquired through foreclosure of any mortgage given to it in good faith by way of security for loans made or money due to such bank.

(3) Such as is conveyed to it in satisfaction of debts previously contracted in good faith in the course of its dealings.

(4) Such as it acquires by sale on execution or judgment of any court in its favor.

It shall not purchase, carry as an asset, or convey real estate in any other case or for any other purpose whatever. No real estate acquired in the cases contemplated in clauses 2, 3, and 4, shall be carried as an asset for a longer period than five years, unless such time has been extended by certificate of the commissioner of banks, except that a certificate shall not be required in cases where real estate has been sold on contract for deed providing the vendee has paid at least 25 per cent of the purchase price in cash, or where real estate has been charged down to \$1.00, or charged off entirely.

[R. L. s. 2995; 1919 s. 85 s. 1; 1921 c. 258 s. 1; 1929 c. 54; 1945 c. 63 s. 1] (7679)

48.22 CASH RESERVE IN BANKS. It shall always keep a reserve equal to 15 per cent of its demandable liabilities and five per cent of its time deposits if located in a reserve city; if not located in a reserve city, it shall always keep a reserve equal to 12 per cent of its demandable liabilities and five per cent of its time deposits; which shall be in cash and balance due from solvent banks. No bank shall act as reserve agent for another without the approval of the commissioner if its capital and surplus are less than \$25,000. When its reserve shall become impaired, it shall make no new loans or discounts except upon sight bills of exchange, nor declare any dividend until the same has been fully restored. The term "reserve city," as used herein, shall be taken to mean such cities as are designated as reserve cities by act of congress or other federal authority.

[R. L. s. 2996; 1915 c. 362 s. 1; 1931 c. 93] (7680)

48.23 BANK NOT TO LEND ON ITS OWN STOCK OR PURCHASE SAME. Any such bank shall make no loan or discount on the security of its own capital stock, nor be the purchaser or holder thereof, unless necessary to prevent loss upon a debt previously contracted in good faith, and all stock so acquired shall be disposed of, at public or private sale, within six months after it is so acquired.

[R. L. s. 2992] (7676)

48.24 RESTRICTIONS UPON TOTAL LIABILITY TO A BANK. Subdivision 1. The total liabilities to any such bank, as principal, surety, or endorser of any individual, partnership, unincorporated association, or corporation, including the liabilities of the several members of a partnership or unincorporated association, and in case of a corporation of all subsidiaries thereof in which such corporation owns or controls a majority interest, shall never exceed 15 per cent of its capital actually paid in cash and of its actual surplus fund, except that obligations of any individual, partnership, unincorporated association, or corporation, including the liabilities of the several members of a partnership or unincorporated association, and in the case of a corporation of all subsidiaries thereof in which such corporation owns or controls a majority interest, in the form of notes secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States, treasury bills of the United States, or obligations fully guaranteed both as to principal and interest by the United States, shall be subject under this section to a limitation of 25 per cent of such capital and surplus. For the purposes of this section the members of a family living together in one household shall be regarded as one person and the total liabilities of the members of the family shall be limited as herein provided.

Subd. 2. Loans not exceeding 25 per cent of such capital and surplus made upon first mortgage security on improved real estate in the state or in an adjoining state within 20 miles of the place where the bank is located, shall not constitute a liability of the maker of the notes secured by such mortgages within the meaning of the foregoing provision limiting liability, but shall be an actual liability of the maker. These mortgage loans shall be limited to, and in no case exceed, 40 per cent of the cash value of the security covered by the mortgage, except mortgage loans guaranteed as provided by the Servicemen's Readjustment Act of 1944, as now or hereafter amended, or for which there is a commitment to so guarantee or for which a conditional guarantee has been issued, which loans shall in no case exceed 60 per cent of the cash value of the security covered by such mortgage.

Subd. 3. Commercial paper actually owned by the person negotiating the same, not exceeding 15 per cent of the capital stock and surplus, taken from any one person, shall not constitute a liability within the meaning of this act, but shall be an actual liability of the maker.

Subd. 4. The total liability of any officer or director of a bank shall never exceed ten per cent of the same aggregate amount. The exception provided in subdivision 2 of this section shall apply to the limit of liability prescribed by this subdivision.

Subd. 5. Loans or obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that they are secured or covered by guarantees, or by commitments or agreements to take over or to purchase the same, made by any Federal Reserve bank or by the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States.

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, town, village, or school district in this state, or of the bonds 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, 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.

(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 per cent 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.

Subd. 7. When a bank shall allow any individual, partnership, unincorporated association, or corporation, or any officer or director of the bank, to become indebted to it, directly or indirectly, in excess of the amount, exclusive of interest permitted by the laws of this state, the officer or employee of the bank wilfully permitting or approving the loan shall be guilty of a gross misdemeanor and, in addition thereto, shall be personally liable to the bank for the amount of the loan in excess of the statutory limit.

[*R. L. s. 2993; 1907 c. 156; 1911 c. 160 s. 1; 1919 c. 103 s. 1; 1927 c. 258 s. 1; 1931 c. 9 s. 1; Ex. 1934 c. 70; 1943 c. 23 s. 1; 1945 c. 62 s. 1; 1947 c. 82 s. 1*] (7677)

48.245 MINORITY OF WAR VETERANS NOT TO AFFECT THEIR CONTRACTS FOR LOANS. The disability of minority of any person otherwise eligible for guaranty or insurance pursuant to the Servicemen's Readjustment Act of 1944, as amended (P.L. 346, 78th Congress, as amended), and of the minor spouse of any eligible veteran irrespective of age, in connection with any transaction entered into pursuant thereto, is hereby removed for all purposes in connection with such transaction, including but not limited to incurring of indebtedness or obligations and acquiring; encumbering, selling, releasing, or conveying property or any interest therein and litigating or settling controversies arising therefrom, if all or part of any obligations incident to such transaction be guaranteed or insured by the Administrator of Veterans' Affairs pursuant to such Servicemen's Readjustment Act; provided, that this section shall not be construed to impose any other or greater rights or liabilities than would exist if any such person were under no such disability.

[*1945 c. 177 s. 1; 1947 c. 178 s. 1*]

48.25 RATE OF INTEREST ON SAVINGS DEPOSITS. No state bank or trust company shall pay interest on deposits at a greater rate than four per cent per annum; provided, that interest at that rate per annum may be credited or paid on savings accounts quarterly or semiannually, and interest at that rate per annum may be paid on certificates of deposit not oftener than every six months.

[1929 c. 144 s. 1] (7699-13½)

48.26 APPLICATION. The provisions of this chapter shall not apply to any existing contract or to mutual savings banks.

[1929 c. 144 ss. 3, 4] (7699-13½b, 7699-13½c)

48.27 LIMITATION ON AMOUNT OF DEPOSITS. Subdivision 1. No bank or trust company organized under the laws of this state shall accept deposits in a sum exceeding 25 times the amount of its capital stock and its actual surplus.

Subd. 2. Any such bank or trust company may accept deposits in excess of the sum specified in subdivision 1 to the extent that such deposits are offset by cash in excess of legally required cash reserves, or by obligations of the government of the United States maturing within a period of ten years, owned and unpledged by such bank, or by both.

[1927 c. 325 s. 1; 1943 c. 342 s. 2; 1945 c. 73 s. 1; 1947 c. 11 s. 1; 1949 c. 24 s. 1] (7699-12)

48.28 LIQUIDATION, UNLESS DEPOSITS ARE REDUCED. If any such bank or trust company shall violate the provisions of Minnesota Statutes 1945, Section 48.27, as amended, the commissioner of banks may take possession thereof and liquidate such corporation in accordance with law, unless said bank or trust company shall within 90 days after notice from the commissioner of banks reduce its deposits to the amount allowed by law or increase its capital stock accordingly.

[1927 c. 325 s. 2; 1943 c. 342 s. 1; 1945 c. 73 s. 2; 1947 c. 11 s. 2; 1949 c. 24 s. 2] (7699-13)

48.29 PAYMENT OF FORGED OR RAISED CHECK; LIABILITY; NOTICE TO DEPOSITOR. No bank which has paid and charged to the account of a depositor any money on a forged or raised check issued in the name of the depositor shall be liable to the depositor for the amount paid thereon, unless either (1) within six months after notice to the depositor that the vouchers representing payments charged to the account of the depositor for the period during which the payment was made are ready for delivery, or (2) in case no such notice has been given, within six months after the return to the depositor of the voucher representing the payment, the depositor shall notify the bank that the check so paid is forged or raised. This notice may be given by mail to the depositor at his last known address, with postage prepaid.

[1911 c. 305 ss. 1, 2] (7698, 7699)

48.30 DEPOSITS BY MINOR OR IN TRUST; JOINT DEPOSITS. Any deposit made in any bank or savings bank, by or in the name of a minor, shall be held for the exclusive right and benefit of the minor, free from the control or lien of all other persons, except creditors, and, together with the dividends or interest thereon, shall be paid to him, and his receipt, check, or acquittance in any form shall be a sufficient release and discharge to the bank for the deposit, or any part thereof, until a guardian appointed in this state for the minor shall have delivered to the bank a certificate of his appointment. When any deposit shall be made by any person in trust for another, and no other written notice of the existence and terms of any legal and valid trust shall have been given to the bank, in case of the death of the trustee, the same, or any part thereof, and the dividends or interest thereon, may be paid to the person for whom the deposit was made. When any deposit shall be made by or in the names of two or more persons upon joint and several account, the same, or any part thereof, and the dividends or interest thereon, may be paid to either of these persons or to a survivor of them, or to a personal representative of the survivor.

[R. L. s. 3019; 1907 c. 468 s. 6] (7711)

48.31 STATE BANKS ORGANIZED FROM NATIONAL BANKS. When any national bank authorized to dissolve has taken the necessary steps for that purpose, a majority of its directors, upon authority, in writing, of the owners of two-thirds of the capital stock and the approval of the commissioner, may execute a certificate of incorporation under the provisions of this chapter, which, in addition to the other requirements of law, shall state the authority derived from the stockholders of the national bank; and, upon recording and publishing this certificate, as provided

by law, it shall become a legal state bank. Thereupon the assets, real and personal, of the dissolved bank, subject to its liabilities not liquidated under the federal law before this incorporation, shall vest in and become the property of the state bank.

[R. L. s. 3006] (7695)

48.32 STATE BANKS OR TRUST COMPANIES MAY BE MEMBERS OF FEDERAL RESERVE BANKS. Any incorporated state bank or trust company may become a member of the federal reserve bank of the federal reserve district in which the bank or trust company is located, and may invest in and hold stock therein.

[1915 c. 28 s. 1] (7649)

48.33 EXECUTION OF TRUST. When any state bank shall reorganize as a national bank, this national bank shall be regarded as continuing the existence of the state bank, and any officer of the bank elected to a corresponding office in this national bank shall be regarded as holding over as such state bank officer, for the purpose of carrying out any duty or trust reposed in the person holding such office or his successor in the state bank as executor of a will or trustee of any trust; and his successors in office in the national bank shall be regarded as his successors in office in such state bank for the purpose of executing such will or performing such trust; and the executor of any will, or any trustee thereunder, who by such will has been directed or recommended to deposit the money of such estate or trust in this state bank, may deposit the same in the national bank under the same conditions as he might have deposited them in the state bank, and with the same immunity from responsibility for its safety.

[R. L. s. 3007] (7696)

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, except at its own banking house, and 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.

[1923 c. 170 s. 1] (7693)

48.35 CLEARING HOUSES. Clearing houses may make and enforce suitable provisions for effecting, at one place, daily exchanges and the settlement and adjustment of accounts between banks in the same locality and, under appropriate regulations, may issue clearing house certificates for those purposes only, and may otherwise act in maintaining and enforcing uniformity of methods and harmonious action in banking business.

[R. L. s. 3008] (7697)

48.36 APPLICATION. Any state bank having a capital of not less than \$50,000 and having its principal place of business in any municipality of less than 25,000 inhabitants; and any state bank having a capital of not less than \$75,000 and having its principal place of business in a municipality of 25,000 or more, but less than 100,000 inhabitants; and any state bank having a capital of not less than \$100,000 and having its principal place of business in a municipality of 100,000 or more, but less than 200,000 inhabitants; and any state bank having a capital of not less than \$200,000 and having its principal place of business in a municipality of 200,000 inhabitants or more, may exercise the powers and privileges conferred by sections 48.36 to 48.43, in addition to all other powers granted by law, upon complying with the conditions and requirements of those sections.

[1923 c. 274 s. 1] (7661)

48.37 CERTIFICATES FROM COMMISSIONER. In order to exercise the powers herein conferred, any such bank shall invest and keep invested in one or more of the first, second, third, fourth, seventh, and eighth classes of authorized securities, at least 50 per cent of its capital if its capital be less than \$200,000, or at least 25 per cent of its capital if its capital be \$200,000 or more, which securities in the amounts above provided shall be duly assigned, transferred to, and deposited with the commissioner, and shall be maintained unimpaired as a guaranty fund for the integrity of its trusts and for the faithful discharge of its duties, in connection therewith, with the right to the bank to collect the income thereof and to substitute other like authorized securities of equal amount and value. The commissioner shall carefully examine the securities offered for deposit and, if they comply with all the provisions of law applicable thereto, and, if the bank making such deposit shall possess the qualifications stated in section 48.36, he shall issue to the bank

a certificate stating that it is qualified to exercise the powers herein conferred, and, upon the issuance of this certificate and while the same remains in force, the bank may exercise the powers and privileges conferred by sections 48.36 to 48.43.

In case of any increase in the capital of any bank which has qualified hereunder, this certificate shall be and become revoked and the bank shall not thereafter exercise the powers herein conferred until it shall have deposited the required proportion of its capital in authorized securities and received a new certificate that it is qualified hereunder.

[1923 c. 274 s. 2] (7662)

48.38 POWERS AND DUTIES. Any such bank which has complied with the terms of sections 48.36 to 48.43, and holds a certificate as above provided, may exercise the following powers and privileges:

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

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

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

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

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

It may, in its discretion, retain and continue any investment and security or securities coming into its possession in any fiduciary capacity. For the faithful

discharge of its duties and the discharge of its trust, it shall be entitled to reasonable compensation or such amount as has been or may be agreed upon by the parties and all necessary expenses, with legal interest thereon.

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

(6) Any amount not less than \$100 received by it as representative or trustee or by order of the court, not required for the purposes of the trust and not to be accounted for within one year, it shall invest, as above provided, in authorized securities then held by it or specially procured by it.

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

[1923 c. 274 s. 3] (7663)

48.39 TRUST ACCOUNTS RECORDED. Besides its general books of account, it shall keep separate books of account for all fiduciary accounts. All funds and property held by it in a fiduciary capacity shall at all times be kept separate from its own funds and property, and all fiduciary funds deposited or held as fiduciary by the bank awaiting investment shall be carried in a separate account, and shall not be used by the bank in the conduct of its business, and all deposits made by it of such funds in any other banking institutions shall be deposited as fiduciary funds, to its credit as fiduciary, and not otherwise. Every security or property in which the funds held by it as trustee, executor, administrator, guardian, receiver, or assignee, or in any other fiduciary capacity are invested, shall at once upon receipt thereof be immediately entered in the proper books as belonging to the particular fiduciary account whose funds have been invested therein. Any change in such investment shall be fully specified in and under the account of the particular fiduciary account to which it belongs so that all fiduciary funds and property can be readily identified at any time by any person. It shall be unlawful for any bank to lend any officer, director or employee any funds held as fiduciary under the powers conferred by this act. Any officer, director or employee to whom such a loan is made shall be guilty of larceny of the amount of such loan from the time of the making thereof. Any state bank, when acting in a fiduciary capacity, either alone or jointly with an individual or individuals, may, with the consent of such individual fiduciary or fiduciaries, who are hereby authorized to give such consent, cause any stocks, securities, or other property now held or hereafter acquired in such capacity to be registered and held in the name of a nominee or nominees of such state bank without mention of the fiduciary relationship. Any such state bank shall be liable for any loss occasioned by the acts of any of its nominees with respect to such stocks, securities or other property so registered.

[1923 c. 274 s. 4; 1943 c. 338 s. 1] (7664)

48.40 SUBJECT TO ORDERS OF COURT. Every such bank shall be subject at all times to the orders of any court from which it shall have accepted any trust or appointment and shall render to the court such itemized and verified accounts and reports as may be required by law or the court. In addition to other reports required by law, it shall render to the commissioner, at such times as he may direct, full and itemized reports of investments, trust funds, and other business performed under the provisions hereof, and a condensed statement of the report, either separately stated or consolidated with the other reports required of it by law, shall be published as required by law.

[1923 c. 274 s. 5] (7665)

48.41 CORPORATE NAME. Any such bank which has qualified and obtained a certificate, as provided in sections 48.36 to 48.43, may use in its corporate name or title, in addition to the word "bank" or other words now permitted by law, the words "trust" or "trust company," and may display and make use of signs, symbols, tokens, letterheads, cards, circulars and advertisements stating or indicating that it is authorized to transact the business authorized by said sections, and any such bank using the words "trust" or "trust company" is not required to use the word "state" in its corporate name.

[1923 c. 274 s. 6] (7666)

48.42 BANK MAY BE DESIGNATED AS SAVINGS BANK. Any state bank which has qualified under sections 48.36 to 48.43 and obtained the certificate therein

provided, and which has established and maintains a savings department, may use in its name or title, in addition to other words permitted by law, the words "savings" or "savings bank." Savings deposits received by any such state bank using the words "savings" or "savings bank" in its corporate name or title, shall be invested only in authorized securities, as defined by law, and the bank shall keep in hand at all times, in addition to the securities required to be deposited under the provisions of section 48.37, such securities as deposits in savings banks may be invested in to an amount at least equal to the savings deposits, and these securities to the amount of these deposits shall be representative of and the fund for and applicable first and exclusively to the payment of the savings deposits. Deposits received by the bank subject to its right to require notice of withdrawal evidenced by pass books, shall be deemed savings deposits.

[1923 c. 274 s. 7] (7667)

48.43 BANKS MAY CEASE OPERATIONS; DUTIES OF COMMISSIONER.

Any state bank which has qualified hereunder may at any time notify the commissioner, in writing, that it intends to cease to operate under the provisions of sections 48.36 to 48.43, and thereupon the certificate issued to it, as provided in sections 48.36 to 48.43, shall be canceled and revoked, and the bank shall thereafter exercise no power or privilege except those permitted to state banks which have not qualified hereunder, and the securities deposited with the commissioner, as provided in section 48.37, shall forthwith be reassigned and returned to the bank; provided, that no part of the deposited securities shall be so returned until the bank shall have eliminated from its corporate name the words "trust," "trust company," or "savings," nor until it has ceased to hold any trust or trust office authorized by sections 48.36 to 48.43, nor until all its accounts in any such trust shall have been settled and allowed and all property held in trust by it delivered to the persons entitled thereto, nor until all liabilities incurred by it as trustee, agent, or otherwise, under the provisions of sections 48.36 to 48.43, and which it could not have incurred unless qualified thereunder, shall have been discharged; provided, further, that if the amount of all these liabilities, or the maximum limit thereof, has been or can be definitely ascertained, the commissioner may retain only such part of the deposited securities as shall be at least equal to and as shall be in his opinion sufficient to liquidate the same. If any such bank so surrendering its powers hereunder shall have heretofore used the word "savings" in its corporate name, the provisions of section 48.42, relating to the investment of savings deposits and the rights of such depositors, shall remain operative as to all savings deposits on hand at the date of surrendering such certificate and until the savings deposits shall have been paid to the persons entitled thereto.

[1923 c. 274 s. 8] (7668)

48.44 BANKS MAY ORGANIZE AS TRUST COMPANY. Hereafter state banks which may be organized in the manner now provided by law may be organized with the additional authority to exercise the fiduciary powers and privileges set out in section 48.38; provided, that the capital of any such bank shall not be less than \$50,000, if its principal place of business is to be located in a municipality of less than 25,000 inhabitants, and that the capital of any such bank shall not be less than \$75,000, if its principal place of business is to be located in a municipality of 25,000 or more but less than 100,000 inhabitants, and that the capital of any such bank shall not be less than \$100,000, if its principal place of business is to be located in a municipality of 100,000 or more but less than 200,000 inhabitants, and that the capital of any such bank shall not be less than \$200,000, if its principal place of business is to be located in a municipality of 200,000 or more inhabitants.

[1931 c. 267 s. 1] (7661-1)

48.45 CORPORATE NAMES. Any such bank may be organized with a corporate name which may include the words "trust" or "trust company," in addition to the word "bank" or other words now permitted by law, and the word "state" shall not be a required part of the corporate name of any such state bank.

[1931 c. 267 s. 2] (7661-2)

48.46 AUTHORIZED SECURITIES PURCHASED. No state bank hereafter organized with authority to exercise fiduciary powers pursuant to the provisions of sections 48.44 to 48.46, the corporate name of which contains the words "trust" or "trust company," shall transact any banking or trust company business until it shall have invested in and assigned, transferred to, and deposited with the commissioner the authorized securities described in and required by section 48.37, relating

to the authorization of existing state banks to exercise such fiduciary powers, and until the commissioner of banks has issued the certificate provided by section 47.16, and a certificate stating that such bank is qualified to exercise the fiduciary powers set forth in section 48.38.

[1931 c. 267 s. 3] (7661-3)

48.47 BANKING AND TRUST COMPANY BUSINESS CARRIED ON. After the application of the corporation shall have been favorably acted on by the department in compliance with section 45.03, and upon compliance with the terms hereof and the issuance of such certificates, the bank may commence the transaction of banking and trust company business and may exercise, in addition to all the powers and privileges conferred by law on state banks, the powers and privileges set forth in section 48.38, and the bank shall thereafter comply with and be subject to all of the provisions of law relating to state banks exercising such fiduciary powers and privileges.

[1931 c. 267 s. 4] (7661-4)

48.48 REPORTS TO COMMISSIONER. At least four times in each year, and at any other time when so requested by the commissioner, every bank shall, within seven days, make and transmit to him, in such form and within such time as he shall prescribe, 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, its assets and liabilities at the close of business on the day specified in the request, if upon special request; otherwise on the last business day of the preceding month. This statement shall be published once at the expense of the bank in a newspaper of the county of its location, and proof thereof filed immediately with the commissioner. A bank located in a municipality, the corporate limits of which extend into two or more counties, may publish its report in a newspaper of either of the counties.

[R L s 2990; 1949 c 35 s 1] (7674)

48.49 BOOKS TO BE KEPT. Every such bank shall open and keep such books and accounts as the commissioner may prescribe, for the purpose of keeping accurate and convenient records of its transactions; and every bank refusing or neglecting so to do shall forfeit \$10 for every day of such neglect or refusal.

[R. L. s. 2991] (7675)

48.50 DEMAND DEPOSITS; INTEREST, WHEN NOT PAID ON. No bank shall, directly or indirectly, by any device, pay any interest on any deposit which is payable on demand; provided, that nothing herein contained shall be construed as prohibiting the payment of interest in accordance with the terms of any certificate of deposit or other contract entered into in good faith prior to the passage of this section; but no such certificate of deposit or other contract shall be renewed or extended unless it shall be modified to conform to this section, and every bank shall take such action as may be necessary to conform to this section as soon as possible consistently with its contractual obligations.

[1937 c. 403 s. 1] (7697-10)

48.51 DEMAND DEPOSITS, WHAT ARE. 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:

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

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

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

[1937 c. 403 s. 2] (7697-11)

48.52-48.55 [Repealed, 1943 c 620 s 9]

48.515 DEPOSIT OF DEMAND ITEMS; TIME CREDITED. Subdivision 1. **Time credit or dishonor.** In any case in which a bank receives, other than for immediate payment over the counter, a demand item payable by, at or through such bank and gives credit therefor before midnight of the day of receipt, the bank may have until midnight of its next business day after receipt within which to honor or refuse

payment of such item. Any credit so given together with all related entries on the receiving bank's books, may be revoked by returning the item, or if the item is held for protest or at the time is lost or is not in the possession of the bank, by giving written notice of dishonor, nonpayment, or revocation; provided that such item or notice is dispatched in the mails or by other expeditious means not later than midnight of the bank's next business day after the item was received. For the purpose of determining when notice of dishonor must be given or protest made under the law relative to negotiable instruments, an item duly presented which is dishonored or credit for which is revoked as authorized by this section, shall be deemed dishonored on the day the item or notice is dispatched. A bank, revoking credit pursuant to the authority of this section, is entitled to refund of, or credit for, the amount of the item.

Subd. 2. Deposit after regular hours; credit; branch office. For the purposes of this section:

(1) An item received by a bank on a day other than its business day, or received on a business day after its regular business hours or during afternoon or evening periods when it has reopened or remained open for limited functions, shall be deemed to have been received at the opening of its next business day;

(2) The term "credit" includes payment, remittance, advice of credit or authorization to charge and, in cases where the item is received for deposit as well as for payment, also includes the passing of appropriate entries to the receiving bank's general ledger without regard to whether the item is posted to individual customers' ledgers;

(3) Each branch or office of a bank shall be deemed a separate bank.

Subd. 3. Variation by agreement. The effect of this section may be varied by agreement.

[1949 c 187 ss 1, 2, 3]

48.521 DEFINITIONS FOR 48.521 TO 48.528. Subdivision 1. **Words, terms, and phrases.** The following words, terms, and phrases shall, for the purposes of sections 48.521 to 48.528, be given the meanings subjoined to them.

Subd. 2. Banking institution. "Banking institution" means any state bank, national bank, savings bank, or trust company within this state.

Subd. 3. Financial institution. "Financial institution" means any savings, building and loan association organized under the laws of this state, federal savings and loan association, credit union, industrial loan and thrift company, or other financial institution within this state.

Subd. 4. Person. "Person" means a partnership, association, or corporation, as well as a natural person.

Subd. 5. The state. "The state" means the State of Minnesota.

Subd. 6. Deposit and funds or other property. "Deposit" and "funds or other property," when such funds or other property are referred to as having been left on deposit or held on deposit, each means the unpaid balance of money or its equivalent received by a banking institution or financial institution in the usual course of business and for which it has given or is obligated to give credit to a commercial, checking, savings, time or thrift account, or which is evidenced by its certificate of deposit, passbook, share certificate, certificate of indebtedness, or other like certificate.

[1943 c. 620 s. 1]

48.522 ABANDONED FUNDS ESCHEAT TO STATE. When any person abandons any funds or other property which have been left on deposit, or otherwise, with any banking institution or financial institution, the same shall, with the increase and proceeds thereof, escheat to and become the property of the state.

[1943 c. 620 s. 2]

48.523 ABANDONED FUNDS. Any person who has left on deposit, or otherwise, with any banking institution or financial institution any funds or other property, and has not dealt therewith for a period of 20 years by adding thereto, withdrawing therefrom, or asserting any claim thereto, is presumed to have abandoned the same.

[1943 c. 620 s. 3]

48.524 LISTS OF ABANDONED FUNDS FILED. Subdivision 1. **Requirements of filing.**

(1) It shall be the duty of the cashier or managing officer of every banking institution and financial institution; which on June 30, 1943, holds on deposit, or

otherwise, any funds or other property which have been left with it on deposit, or otherwise, and have not been dealt with for a period of 20 years by additions thereto, withdrawals therefrom, or the assertion of any claim thereto, to file with the secretary of state, within 30 days thereafter, a statement, in duplicate, reporting the same, stating the names of the persons shown by the records of said banking institution or financial institution to have been the owners or depositors of such funds or other property; the last known place of residence or business of each, and in each instance, the kind of funds or other property, and how held, the amount of the deposit, including interest if any, and the value and nature of the property otherwise held, including interest or other increase or proceeds thereof, if any. This statement shall be subscribed by the officer making it, and shall be verified by his affidavit that it is a complete and correct statement of the funds and other property required by this subdivision to be reported, and that the statements therein are true to the best of his knowledge, information and belief.

(2) Like verified statements, in duplicate, shall be filed with the secretary of state, within 30 days after the first day of January in each year thereafter, by the cashiers or managing officers of all banking institutions and financial institutions which, on said first day of January, hold on deposit, or otherwise, any funds or other property, which by the terms of section 48.523 are presumed to have been abandoned.

(3) The duplicate copies of these verified statements shall be delivered by the secretary of state to the attorney general immediately after filing.

Subd. 2. Duties of Secretary of State. The secretary of state shall have the statements referred to in Subdivision 1 of this section bound at the expiration of each filing period, and shall make and keep an alphabetical index of persons reported as depositors or owners, with appropriate references to the bound statements, and these bound statements and index shall be open to public inspection.

Subd. 3. Copies of statements to be displayed. A copy of each statement required by Subdivision 1, together with a notice, directed to whom it may concern, stating that the deposits or other property referred to in the statement have not been dealt with by additions thereto, withdrawals therefrom, or claim thereto, for a period of 20 years, and requesting all persons having knowledge or information relative to the whereabouts of the persons named in the statement, or other possible claimants to the funds or other property, to give this information to the subscribing officer, shall be displayed in a prominent place in the banking institution or financial institution for which the statement is filed, accessible to the public, for a period of 30 days from the date of filing.

[1943 c. 620 s. 4]

48.525 ESCHATED FUNDS. Subdivision 1. **Duties of Attorney General.** Whenever the attorney general has reason to believe, from an examination of the statements required by section 48.524, subdivision 1, to be filed, or from other information or investigation, that any funds or other property, referred to in sections 48.521 to 48.528, have escheated to and become the property of the state by reason of the abandonment thereof, he shall commence an action in the name of the state in the district court of Ramsey county to declare the escheat of and enforce the rights of the state in and to said funds or other property, or any part thereof. Such action shall be commenced by the filing of a verified complaint in the office of the clerk. All or any number of persons who are claimed to have abandoned such funds or other property and any other known claimants to the same may be joined as defendants in one action. The place of trial of any such action shall not be changed without the consent of the attorney general. Every such action shall be triable by the court without a jury.

Subd 2. Attachment of property. (1) In any such action the state, at the time of the filing of the complaint in the office of the clerk, or at any time thereafter, may have the funds or other property held by banking institutions and financial institutions on deposit, or otherwise, and claimed by the state to have been abandoned by the defendants, or any part of such funds or other property, attached, in the manner hereinafter prescribed, as security for the satisfaction of such judgment as it shall recover.

(2) To procure such attachment, the attorney general shall file a petition verified by himself or one of his assistants on information and belief, for a writ or writs of attachment, which petition shall set forth that the action is brought under the provisions of sections 48.521 to 48.528 for the purpose of declaring the escheat

of and enforcing the rights of the state in and to certain funds and other property, claimed to have been abandoned, referring to the complaint on file for a description of the funds and other property involved; that the state, as plaintiff, desires certain of those funds and other property attached as security for the satisfaction of such judgment as it may recover, and that to that end he prays that one or more writs of attachment issue, directed to the sheriffs of such counties as shall be designated in the petition, requiring the attachment of the funds or other property to be in the petition described. The petition shall then set forth, as to each writ desired, the name of the county to the sheriff of which said writ shall run, and a statement of the funds and other property sought to be attached, stating as to each item of such funds and other property the name of the defendant by whom it is claimed it has been abandoned, and the names of any other known claimants thereto; the last known residence or business address of such person or persons, if known, and if not known, stating that fact; the amount or value thereof, including interest or other increase or proceeds thereof, whether funds or other property, and how held, describing the property if other than funds, and the name and business address of the banking institution or financial institution holding such funds or other property, including the name of the county in which it is doing business. A writ or writs of attachment shall then be allowed by a judge of the court in which the action is brought. No bond shall be required as a condition of allowing any such writ.

(3) Upon the filing of the petition and the order of allowance, the clerk shall issue the writ or writs prayed for. If more than one writ is issued, such writs may be directed to the sheriffs of different counties as specified in the petition. Each writ shall require the sheriff to attach the funds or other property held by banking institutions and financial institutions in his county on deposit, or otherwise, attachment of which was prayed for in the petition, and shall describe the funds and other property to be attached, stating as to each item thereof the same matters required to be stated in the petition.

(4) The sheriff, upon receiving the writ, shall execute the same without delay. He shall attach all funds and other property described in the writ as being held by any banking institution or financial institution by leaving with such banking institution or financial institution a certified copy of the writ and a notice specifying the funds and other property attached. When he has executed the writ he shall annex to it an inventory of the funds and other property attached, and return the writ with his doings to the court.

Subd. 3. Service of Summons. Service of the summons may be made upon the defendants in any action by publication of a copy thereof once each week for four consecutive weeks in a newspaper of general circulation published in each of the counties in which funds and other property have been attached. The first publication shall be made within 30 days after the issuance of the first writ of attachment in any action. If publications are made in more than one county such publications shall all be commenced within the same week. With the summons a notice shall be published, giving the title of the action and referring to the claim therein, and directed to all persons other than those named as defendants therein claiming any interest in any funds or other property described in the complaint, and requiring them to appear within 60 days after the first publication of the summons and show cause, if any they have, why it should not be adjudged that the owners of such funds and other property have abandoned the same, and why such funds and other property have not escheated to and become the property of the state, and notifying them that if they do not so appear and show cause the state will apply to the court for the relief demanded in the complaint. At the end of each such notice there shall be a statement of the date of the first publication of the summons and notice. A copy of the summons and notice shall be posted in a conspicuous place in each banking institution and in each financial institution holding funds or property described in the complaint, within 15 days after the first publication of the summons, the copies thereof mailed within the same period to all defendants whose last known place of residence or business is shown by the petition for writ of attachment to be in the State of Minnesota, at such last known place of residence or business.

Subd. 4. Intervention. Any person interested may intervene in such action, as provided by law.

Subd. 5. Jurisdiction of court. Upon the completion of the publication of the summons and notice, and the elapse of 60 days from the date of the first publication thereof, and proof thereof, together with proof of the posting and mailing provided for in subdivision 3, the court shall have full and complete jurisdiction over all the funds and other property which have been attached and of everyone having or claiming an interest in said funds or other property, and full and complete jurisdiction to hear and determine the issues in the action and render an appropriate judgment therein.

Subd. 6. Prima facie evidence. Upon the trial the verified statements filed with the secretary of state, pursuant to the provisions of section 48.524, subdivisions 1 and 2, shall be prima facie evidence of the facts therein stated. The court shall, if it finds that any party is entitled to any of the funds or other property described in the complaint, order that the action be dismissed as to such party, and the attachment of such funds vacated, without costs. If the court shall find as to all or any part of the funds and other property described in the complaint that the depositors or owners thereof have abandoned the same, it shall adjudge that such funds and other property have escheated to and become the property of the state, and that the state is entitled to recover the same.

Subd. 7. Notice after entry of judgment. Upon the entry of any judgment in favor of the state, the attorney general shall notify, in writing by mail, all banking institutions and all financial institutions holding any funds or other property adjudged to have escheated to and become the property of the state, and demand that the same be forthwith transmitted to the state treasurer. If any such institution shall fail, within 30 days after the mailing of such written notice, to transmit such funds or other property to the state treasurer, the attorney general, after filing a proof of the mailing of the notice with an affidavit showing such failure to transmit the funds or other property, may proceed to have the judgment enforced by execution. Such a judgment as to any funds or other property shall be satisfied only out of the property attached. Executions may be directed to the sheriff of any county and shall run throughout the state without the necessity of filing any transcripts of the judgment in counties other than that in which it was rendered.

[1943 c. 620 s. 5]

48.526 MONEYS CREDITED TO GENERAL REVENUE FUND. All moneys transmitted to the treasurer by banking institutions and financial institutions, and all moneys collected on execution, shall be credited to the general revenue fund.

[1943 c. 620 s. 6]

48.527 Owners may sue state to recover money. Any person claiming to be legally entitled to any of the funds or other property involved in any action commenced under the provisions of section 48.525, who did not appear in said action, may, within a period of ten years after the entry of judgment therein, sue the state to recover the funds or other property of which it was alleged he was the owner or depositor, and in case such person be an infant or under disability, the period of limitation is extended to one year from the removal of such disability. In case such person recovers judgment the attorney general shall advise the legislature at its next session of such recovery and request an appropriation for the payment of such judgment. If funds or other property involved amount to less than the value of \$200, any person making claim to such funds or other property may make application to the executive council for the refund thereof, and upon good cause shown, the executive council is authorized to order such refund paid to such claimant from the general revenue fund. A sufficient amount is appropriated annually to pay any such refunds so ordered by said executive council. In any suit brought under the provisions of this section no interest shall be allowed by the plaintiff and no interest shall be allowed by the executive council on any amount which it shall order paid.

[1943 c. 620 s. 7]

48.528 VIOLATIONS OF 48.521 TO 48.528; PENALTIES. Any banking institution or financial institution which shall, or the cashier or managing officer of which shall knowingly and wilfully violate any of the provisions of sections 48.521 to 48.528 shall forfeit to the state interest in the amount of 15 per cent per annum upon all such funds or other property held on deposit or otherwise by said institution as come within the provisions of sections 48.521 to 48.528, until it shall have been determined by final decision of a court of competent jurisdiction, from which

no appeal or request for review has been made within the time permitted by applicable provisions of law or from which no appeal or request for review is permissible, that the provisions of sections 48.521 to 48.528 are valid and enforceable, no bank or financial institution shall become subject to the penalty herein provided for failure to comply with any provision of sections 48.521 to 48.528 if such failure be based upon its contention in good faith that the provisions of sections 48.521 to 48.528 are invalid as applied to it.

[1943 c. 620 s. 8]

48.56 BANKING INSTITUTIONS MAY USE FEDERAL BANKING ACT.

Any banking institution now or hereafter organized under the laws of this state is hereby empowered, on the authority of its board of directors, or a majority thereof, to enter into such contracts, incur such obligations and generally to do and perform any and all such acts and things as may be necessary or appropriate in order to take advantage of any and all memberships, loans, subscriptions, contracts, grants, rights, or privileges which may at any time be available or enure to banking institutions or to their depositors, creditors, stockholders, receivers, or liquidators, by virtue of those provisions of Section 8 of the federal "Banking Acts of 1933" [Sec. 12B of the federal reserve act, as amended (Mason's U. S. Code Anno., title 12, s. 264)], which establish the federal deposit insurance corporation and provide for the insurance of deposits, or of any other provisions of that or of any other act or resolution of congress to aid, regulate, or safeguard banking institutions and their depositors, including any amendments of the same or any substitutions therefor; and to subscribe for and acquire any stock, debentures, bonds, or other types of securities of the federal deposit insurance corporation, and to comply with the lawful regulations and requirements from time to time issued or made by such corporation.

[1935 c. 319 s. 2] (7658-7)

48.57 FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER OR LIQUIDATOR. The Federal Deposit Insurance Corporation created by Section 12B of the Federal Reserve Act, as amended, upon appointment by the commissioner, is hereby authorized and empowered to act without bond as receiver or liquidator of any banking institution, the deposits in which are to any extent insured by this corporation, and which shall have been closed on account of inability to meet the demands of its depositors.

Notwithstanding any other provision of law the appropriate state authority having the right to appoint a receiver or liquidator of a banking institution may, in the event of such closing, tender to the corporation the appointment as receiver or liquidator of the banking institution; and, if the corporation accepts the appointment, the corporation shall have and possess all the powers and privileges provided by the laws of this state with respect to a receiver or liquidator, respectively, of a banking institution, its depositors, and other creditors.

[1939 c. 301 s. 1] (7690-31)

48.58 RIGHT OF SUBROGATION. When any banking institution shall have been closed, and the federal deposit insurance corporation shall have paid or made available for payment the insured deposit liabilities of the closed institution, the corporation, whether or not it has or shall thereafter become a liquidating agent of the closed institution, as hereinafter provided, shall be subrogated, by operation of law with like force and effect as if the closed institution were a national bank, to all rights of the owners of these deposits against the closed banking institution in the same manner and to the same extent as now or hereafter necessary to enable the federal deposit insurance corporation under federal law to make insurance payments available to depositors of closed insured banks; provided, that the rights of depositors and other creditors of the closed institution shall be determined in accordance with the laws of this state. The commissioner may, in his discretion, in the event of the closing of any banking institution by reason of inability to meet the demands of its depositors, the deposits of which banking institution are to any extent insured by the corporation, tender to the corporation the appointment as liquidating agent of this banking institution and, if the corporation accepts the appointment, it shall have and possess all the powers and privileges provided by the laws of this state with respect to a special deputy examiner of the banking division of the department in the management and liquidation of this institution, and be subject to all of the duties of the special deputy examiner; provided, that nothing herein contained shall be construed as a surrender of the right of the commissioner to liquidate banking institutions under his supervision pursuant to the

statute in such case made and provided; and the commissioner is hereby authorized and empowered to waive the filing of a bond by the corporation as such special deputy examiner.

[1935 c. 319 s. 3; 1937 c. 404 s. 1] (7658-8)

48.59 COMMISSIONER MAY ACCEPT EXAMINATIONS AND REPORTS OF CORPORATION. The commissioner is authorized to accept, in his discretion, in lieu of any examination authorized by the laws of this state to be conducted by his department of a banking institution, the examination that may have been made of same within a reasonable period by the federal deposit insurance corporation, provided a copy of this examination is furnished to the commissioner. The commissioner may also, in his discretion, accept any report relative to the condition of a banking institution which may have been obtained by the corporation within a reasonable period, in lieu of a report authorized by the laws of this state to be required of the institution by his department, provided a copy of this report is furnished to the commissioner.

The commissioner may furnish to the corporation, or to any official or examiner thereof, a copy or copies of any or all examinations made of any such banking institutions any deposits of which are insured by the corporation and of any or all reports made by same, and shall give access to and disclose to the corporation, or any official or examiner thereof, any and all information possessed by the office of the commissioner with reference to the conditions or affairs of any such insured institution.

Nothing in this section shall be construed to limit the duty of any banking institution in this state, deposits of which are to any extent insured under the provisions of Section 8 of the "Banking Act of 1933" [Section 12B of the federal reserve act, as amended (Mason's U. S. Code Anno., title 12, s. 264)], or of any amendment of or substitution for the same, to comply with the provisions of that act, its amendments or substitutions, or requirements of the corporation relative to examinations and reports, nor to limit the powers of the commissioner with reference to examinations and reports under any law of this state.

[1935 c. 319 s. 4] (7658-9)

48.60 COMMISSIONER MAY BORROW MONEY. With respect to any banking institution which is now or may hereafter be closed on account of inability to meet the demands of its depositors or by action of the commissioner or of a court or by action of its directors, or, in the event of its insolvency or suspension, the commissioner may borrow from the corporation and furnish any part or all of the assets of the institution to the corporation as security for a loan from same. The order of a court of record of competent jurisdiction shall be first obtained approving this loan. The commissioner, upon the order of a court of record of competent jurisdiction, may sell to the corporation any part or all of the assets of the institution.

The provisions of this section shall not be construed to limit the power of any banking institution, or the commissioner, to pledge or sell assets in accordance with any other law of this state.

[1935 c. 319 s. 5] (7658-10)

48.61 AUTHORIZED INVESTMENTS FOR STATE BANKS. Any bank organized under the laws of this state is authorized to invest not to exceed ten per cent of its capital in the capital stock of any agricultural credit corporation organized under the laws of this state, and entitled to discount privileges with any federal intermediate bank organized under the laws of the United States.

[1935 c. 174] (7677-1)

48.62 BANKS MAY ISSUE NOTES OR DEBENTURES. With the approval of the commissioner any banking institution may, at any time, through action of its board of directors and without requiring any action of its stockholders, issue and sell its capital notes or debentures. These capital notes or debentures shall be subordinate and subject to the claims of depositors and may be subordinated and subjected to the claims of other creditors.

In determining whether the capital of any banking institution is impaired, outstanding capital notes or debentures, legally issued by the institution and sold by it to the reconstruction finance corporation, shall not be considered as liabilities of the institutions, but for all other purposes they shall be, and shall be considered as, liabilities of the institution.

No capital notes, or debentures, shall be retired or paid by any such institutions if this retirement or payment would impair the capital of the institution.

These capital notes or debentures shall in no case be subject to any assessment. The holders of the capital notes or debentures shall not be held individually responsible, as holders, for any debts, contracts, or engagements of the institutions, and shall not be held liable for assessments to restore impairments in the capital of the institution.

[1935 c. 305 s. 1] (7697-7)

48.63 BANKS NEED NOT GIVE SECURITY FOR DEPOSITS. Notwithstanding any provisions of law of this state requiring security for deposits in any bank or trust company in the form of collateral, surety bond or any other form, security for such deposits shall not be required to the extent the deposits are insured under the provisions of Section 12B of the federal reserve act, as amended (Mason's U. S. Code Anno., title 12, s. 264), or any amendments thereto.

[1935 c. 317 s. 1] (7697-8)

48.64 DEPOSITS OF TRUST FUNDS. Any person, firm, or corporation appointed by a court of competent jurisdiction as representative of the estate of a deceased person, or as guardian, or any trustee of a firemen's relief association, or any referee, receiver, or trustee appointed by a court of record in this state, may deposit the funds coming into his or its possession for safe-keeping and disbursing, unless otherwise directed by the court, in any bank or trust company, however organized, the deposits of which are insured, in whole or in part, by the federal deposit insurance corporation, to the extent that the funds so deposited are fully insured.

[1937 c. 318 s. 1] (7697-9)

48.65 TRUST COMPANIES TO COMPLY WITH CERTAIN LAWS. No trust company of this state shall conduct a banking business, as defined in section 47.02, without fully complying with the provisions of section 48.22 relating to the reserve requirements of the state banks.

[1919 c. 117 s. 1] (7726)

48.66 NATIONAL BANKS MAY ACT AS FIDUCIARIES. Any national bank in this state granted a special permit by the federal reserve board to act in a fiduciary capacity under the provisions of sub-section K of section 11 of the federal reserve act, as amended by the act of September 26, 1918, may assign, transfer to, and deposit with the commissioner, and procure his certificate therefor, the kinds and amounts of authorized securities required of a trust company in a city or village wherein the national bank is located, by section 48.67; provided, that such national bank which has a capital of \$500,000 or over shall not be required to deposit these securities for more than ten per cent of this capital. The securities so deposited shall be held and maintained as a guaranty fund for the national bank for the performance of its duties in such fiduciary capacity.

When such national bank has complied with section 48.67, no oath or security shall be required of it in the acceptance and performance of any such trust, as provided in section 48.79.

[1921 c. 490 s. 1] (7727)

48.67 CAPITAL OF TRUST COMPANIES. The capital of every trust company hereafter organized, having its principal place of business in any city of less than 25,000 inhabitants, shall not be less than \$50,000; the capital of every trust company hereafter organized, having its principal place of business in a city of more than 25,000 inhabitants and less than 100,000 inhabitants, shall not be less than \$75,000; the capital of every trust company hereafter organized, having its principal place of business in a city of more than 100,000 and less than 200,000 inhabitants, shall be not less than \$100,000; and the capital of every trust company hereafter organized, having its principal place of business in a city of more than 200,000 inhabitants, shall be not less than \$200,000; but the capital stock of any trust company shall not be in excess of \$2,000,000. No trust company hereafter organized shall transact any business until all of its authorized capital stock has been paid in, in cash, or, if the authorized capital be more than \$200,000, until at least \$200,000 thereof has been paid in, in cash, and at least 50 per cent of the capital of all trust companies of less than \$200,000 and 25 per cent of the capital of all trust companies of \$200,000 or more, hereafter organized, has been invested in one or more of the first, second, third, and fourth classes of authorized securities and railroad bonds, as described by that statute, and also in the farm loan bonds issued by the federal land banks duly assigned and transferred to and deposited with the state treasurer, or, if its capital stock be more than \$200,000, until at least one-fourth thereof has been so

invested, assigned, transferred, and deposited. The state treasurer shall submit the securities deposited to the commissioner, who shall carefully examine the securities offered for deposit and ascertain that they comply with all the provisions of law applicable thereto. Upon receipt of an order of the commissioner, the state treasurer shall issue his receipt therefor. This deposit shall be maintained unimpaired as a guaranty fund for depositors and creditors and for the faithful discharge of its duties, with the right to collect the income thereof and to substitute other like authorized securities, of equal amount and value, upon approval and order of the commissioner.

If the securities comply with the law, the commissioner shall issue his certificate of authorization for the trust company to commence business.

The capital stock of any trust company may be reduced with the approval of the commissioner, but not below the respective minimum amounts aforesaid, and no assets shall be returned to the stockholders unless its deposits of authorized securities after such return equal one-fourth of the reduced capital, in no event less than \$25,000; nor shall the liability of any stockholder upon any existing contract be affected thereby.

When two or more trust companies have been or shall hereafter be consolidated under and pursuant to the provisions of sections 49.34 to 49.41, the capital of the consolidated trust company shall be considered as substituted for the capital of the several trust companies entering into the consolidation, and the aggregate of the securities of these trust companies on deposit with the state treasurer, pursuant to the provisions of this section, shall be increased or diminished accordingly; provided, that any company may hereafter be organized, with its principal place of business at any place within the state, with a capital of not less than \$10,000, to be paid in cash, of which 50 per cent shall be invested in authorized securities and deposited with the state treasurer, as provided in this section. The powers and business of the company so organized shall be to act as assignee under any assignment for the benefit of creditors, or be appointed and act as a trustee or receiver, as a guardian, as executor of any will, or administrator of any estate, and the company so organized may accept and perform any other lawful trust over which any court, either state or federal, has jurisdiction. This company, before entering upon the duties of its trust, shall give a corporate surety bond in such sum as the court directs, with sufficient surety, conditioned for the faithful performance of its duties. The business of any company so organized shall be limited to the above matters; provided, that the company so organized with a capital stock of \$10,000 shall not use the word "trust" in the title or name of the company.

[R. L. s. 3033; 1907 c. 225; 1911 c. 314 s. 1; 1927 c. 323; 1931 c. 375; 1935 c. 339] (7728)

48.68 DIRECTORS; QUALIFICATIONS; VACANCIES, HOW FILLED. Each director of a trust company shall own at least ten shares of its capital stock, and a majority of them shall be residents of this state. Each shall take and subscribe an oath that he will diligently and honestly perform his official duties and will not knowingly violate, or permit to be violated, any provision of law relating to trust companies and that he is the owner in good faith of the stock above specified standing in his name on the books of the corporation; the taking of this oath to be noted on the minutes of the records of the corporation and filed with the commissioner. Failure of any person selected as director to qualify shall create a vacancy in the board, and all vacancies in the board shall be filled by the qualified members; provided, that not more than one-third of the membership of the board may be so filled in any one year.

[R. L. s. 3034; 1919 c. 30 s. 1] (7729)

48.69 CERTAIN TRUST COMPANIES MAY ASSUME POWERS OF STATE BANKS. Any trust company organized under the laws of this state, and having a capital of not less than \$50,000, may exercise the powers and privileges conferred by sections 48.69 to 48.73, in addition to all other powers granted by law, upon complying with the conditions and requirements specified in sections 48.69 to 48.73.

[1929 c. 90 s. 1] (7733-1)

48.70 CERTIFICATES TO BE AMENDED. In order to exercise such powers as may be granted in sections 48.69 to 48.73, any such trust company may amend its certificate of incorporation so as to assume the additional powers of a state banking corporation. This amendment may include the change of the corporate

name of the trust company so as to include the words "state bank" therein. Such trust company shall display in its place of business, the certificate of such authorization issued by the commissioner of banks.

[1929 c. 90 s. 2; 1945 c. 91 s. 1] (7733-2)

48.71 DEPARTMENT TO APPROVE CERTIFICATES. Amendments to the certificate of incorporation shall be made in accordance with section 300.45 and before becoming effective these amendments must be approved by the department and the approval endorsed upon the certificate of amendment.

[1929 c. 90 s. 3] (7733-3)

48.72 APPLICATION. In considering the application of a trust company to assume the powers of a state bank, the department shall proceed in the same manner and be governed by the same laws which are now applicable to application for charters for new state banks.

[1929 c. 90 s. 4] (7733-4)

48.73 POWERS AND DUTIES OF TRUST COMPANIES. Upon complying with the terms of sections 48.69 to 48.73, the trust company shall have all the powers and privileges of a state bank not heretofore granted to trust companies, and shall become subject to and comply with all the provisions of the laws of this state in relation to state banks.

[1929 c. 90 s. 5] (7733-5)

48.74 TRUST ACCOUNTS KEPT SEPARATE; SECURITIES, HOW DEPOSITED. Besides its general books of account, it shall keep separate books for all fiduciary accounts. All funds and property held by it in a fiduciary capacity shall at all times be kept separate from the funds and property of the corporation, and all deposits by it of such funds in any banking institution shall be deposited as fiduciary funds, to its credit as fiduciary and not otherwise. Every security or property in which the funds held by it as trustee, executor, administrator, guardian, receiver, or assignee, or in any other fiduciary capacity are invested, shall at once upon receipt thereof be immediately entered in the proper books as belonging to the particular fiduciary account whose funds have been invested therein. Any change in such investment shall be fully specified in and under the account of the particular fiduciary account to which it belongs, so that all fiduciary funds and property can be readily identified at any time, by any person. Any trust company incorporated under the laws of this state and any national banking association authorized to act in a fiduciary capacity in this state, when acting in a fiduciary capacity, either alone or jointly with an individual or individuals, may, with the consent of such individual fiduciary or fiduciaries, who are hereby authorized to give such consent, cause any stocks, securities, or other property now held or hereafter acquired in such capacity to be registered and held in the name of a nominee or nominees of such corporate fiduciary without mention of the fiduciary relationship. Any such corporate fiduciary shall be liable for any loss occasioned by the acts of any of its nominees with respect to such stocks, securities or other property so registered.

[R. L. s. 3044; 1943 c. 339 s. 1] (7739)

48.75 PROHIBITED DEALINGS AND INDEBTEDNESS. Trust companies shall not engage in any banking, mercantile, manufacturing, or other business, except such as is herein expressly authorized for such a corporation. It shall not lend its funds, moneys, capital, trust funds, or any other property whatsoever, to any director, officer, agent, or employee, nor shall any such director, officer, agent, or employee become in any manner indebted to it by means of any overdraft, promissory note, account, endorsement, guaranty, or any other contract; and any such director, officer, agent, or employee who shall become so indebted to it shall be guilty of larceny of the amount of such indebtedness from the time of its creation.

[R. L. s. 3045] (7740)

48.76 POWERS OF COURT; ANNUAL REPORT TO THE COURT AND TO THE COMMISSIONER. Every such corporation shall be subject at all times to the further orders, judgments, and decrees of any court of record from which it shall have accepted any trust, appointment, or commission as to such trust, and shall render to such court such itemized and verified accounts, statements, and reports as may be required by law, or as the court shall order as to a particular trust. Every such corporation shall also be subject to the general jurisdiction and

authority of the district court of the county of its principal place of business. On or before June 30 in each year, every such corporation shall render to the commissioner a full and detailed account of its condition, and such further accounts, either in full or in part, or in relation to any particular investments, trusts, funds, or other business, as the commissioner may, from time to time, direct or request; and a condensed statement of the annual account, together with a list of its board of directors, approved by the commissioner, shall be published by the corporation in a newspaper of the county of its principal place of business.

[R. L. s. 3046] (7741)

48.77 PROCEDURE UPON VIOLATION OF LAW OR INSOLVENCY. The directors and managing officers of any such corporation, when satisfied that it is, or is about to become, insolvent, shall immediately report that fact to the commissioner; and when the commissioner shall be satisfied from that report, or from any examination made by him, that it is conducting its business in an unlawful or unsafe manner, or that it is insolvent, he may at once take possession of its books, records, and assets, which shall not be subject to any levy or attachment, nor shall any application for a receiver be entertained by any court, during such reasonable time as may be necessary for further examination. If, upon this examination, it shall appear to the commissioner that its business is being conducted in a safe and lawful manner and that all creditors, except those represented by stock, can be paid in full from the assets, he may relinquish possession of its assets to its directors and officers; otherwise he shall apply to a court for the appointment of a receiver, who shall take possession of all its books, records, and assets, and close up its affairs under the direction of the court; provided, that if at any stage of the proceedings the directors or stockholders shall satisfy the court that the corporation is able to pay all creditors, other than themselves, if the showing is approved, after investigation by the commissioner, the court may order the return of the assets to the company for liquidation or such other course as the stockholders, in compliance with law, may determine; and in such case the receiver shall be discharged.

[R. L. s. 3047] (7742)

48.78 AGENT OR ATTORNEY IN FACT, ACTING AS. Any trust company may take and hold in trust any real or personal property, wherever situated, by order, judgment, or decree of any court of record, or by gift, grant, assignment, transfer, devise, legacy, or bequest from, or by lawful contract with, any public or private corporation or individual, and manage the same upon the terms, conditions, limitations, and restrictions therein declared or imposed. The trust company may also act as agent for the signature, countersignature, registration, transfer, or redemption of certificates of stock, bonds, coupons, or other evidences of indebtedness of any such corporation or individual, or otherwise act as general or special agent or attorney in fact in the acquisition, management, sale, assignment, transfer, incumbrance, conveyance, or other disposition of any real or personal property, the collection of rents, payment of taxes, and generally as the representative of any such corporation or individual.

[R. L. s. 3036] (7731)

48.79 ACTING AS ASSIGNEE, RECEIVER, OR EXECUTOR. Any trust company may act as assignee under any assignment for the benefit of creditors, or be appointed and act as a trustee or receiver, as a guardian, as executor of any will, or administrator of any estate, and may accept and perform any other lawful trust conferred by any court, or by any corporation or individual. In the acceptance and performance of any such trust, no oath or security shall be required.

[R. L. s. 3038] (7733)

48.80 COMPENSATION; COMMISSION NOT DEEMED INTEREST. For the faithful performance of its duties and discharge of its trust, any trust company shall be entitled to reasonable compensation, or such amount as has been or may be agreed upon by the parties, and all necessary expenses, with legal interest thereon, unless otherwise agreed upon. No compensation or commission paid or agreed to be paid by it for the negotiation of any loan, or the execution of any trust, shall be deemed interest within the meaning of the law, nor shall any excess thereof over the legal rate be deemed usury.

[R. L. s. 3042] (7737)

48.81 INVESTMENT POWERS; LIMITATIONS ON. Any trust company may acquire, use, and improve, and for that purpose mortgage, lease, sell, and convey,

such real and personal property as may be necessary for the transaction of its business. Any estate or interest in real estate which it may acquire by virtue of the foreclosure of any mortgage, trust deed, or other security, or by the settlement of any obligation or otherwise, in the course of its legitimate business, it may sell or continue to hold and use as deemed for its interests or those of the estate or trust to which the same belongs, and to that end it may become the purchaser at any foreclosure or judicial sale to which it is a party as trustee or otherwise. It may also accept or make any deed, mortgage, or other instrument necessary for the transaction of its business, may loan money and secure such loans by mortgage, trust deed or pledge, purchase notes, bonds, mortgages, and other evidences of indebtedness, and securities, and sell and assign the same, and convert them into cash or into other authorized securities, or securities and property not herein expressly prohibited. It may guarantee a title to securities sold and transferred by it; may become sole surety upon any bond without justification; and may maintain and operate safe deposit vaults. It shall invest none of its capital or surplus in real estate except as herein authorized, nor any of its deposits, trust funds or property therein except as so authorized, or under or by virtue of an express contract, judgment, or other instrument conferring or imposing special power and authority so to do.

[R. L. s. 3035] (7730)

48.82. DEPOSITS OF TRUST AND OTHER FUNDS RECEIVED. Any trust company may take and hold on deposit or for safe-keeping money, bonds, stocks, and other securities or personal property which any public officer, or any trustee or other legal representative, or any public or private corporation or person, may desire or shall be authorized, ordered, or otherwise required by law to deposit in a bank or other safe depository, or to pay into any court of record; and the same may, instead thereof, be paid into or deposited with any such trust company, and, where the deposit is made pursuant to order of court, in such as the court shall designate, and take the receipt of the trust company therefor; and thereupon the depositor and his sureties shall be relieved from liability thereafter accruing so long as these deposits continue.

[R. L. s. 3037] (7732)

48.83. DEPOSIT WITH TRUST COMPANY INSTEAD OF A LARGER BOND. When new or additional security shall be required from any executor, administrator, guardian, assignee, receiver, or other trustee, if the judge or court having jurisdiction deems it expedient, because of the magnitude of the estate or fund or otherwise, to require the maximum security prescribed by law, it may direct any securities belonging thereto to be deposited with any trust company, subject to the order of the trustee, when countersigned by the judge, and fix the amount of the security with reference only to the remainder. No such security shall be withdrawn, nor any part of the principal or interest thereof collected, except by an officer of the company, without the order of the judge duly entered and certified, upon satisfactory proof that additional security has been furnished, or that the estate or fund has been so reduced that the deposit is no longer required.

[R. L. s. 3039] (7734)

48.84 CORPORATE TRUSTEE; INVESTMENT OF TRUST FUNDS; COMMINGLING FUNDS. Any trust company may invest all moneys received by it in trust in authorized securities, and shall be responsible to the owner or cestui que trust for the validity, regularity, quality, value, and genuineness of these investments and securities so made, and for the safe-keeping of the securities and evidences thereof. When special directions are given in any order, judgment, decree, will, or other written instrument as to the particular manner or the particular class or kind of securities or property in which any investment shall be made, it shall follow such directions, and in such case it shall not be further responsible by reason of the performance of such trust. In all other cases it may invest funds held in any trust capacity in authorized securities using its best judgment in the selection thereof, and shall be responsible for the validity, regularity, quality, and value thereof at the time made, and for their safe-keeping. Whether it be the sole trustee or one of two or more co-trustees, it may invest in fractional parts of, as well as in whole, securities, or may commingle funds for investment. If it invests in fractional parts of securities or commingles funds for investment, all of the fractional parts of such securities, or the whole of the funds so commingled shall be owned and held by the trust company in its several trust capacities, and it shall be liable

for the administration thereof in all respects as though separately invested; provided, that not more than \$50,000, at the cost price of such investments, shall be so invested for any one trust at any one time in fractional parts or as commingled funds for investment, unless the authority to invest in fractional parts or as commingled funds be given in the order, judgment, decree, will, or other written instrument governing such trust. Funds so commingled for investment shall be designated collectively as a common trust fund. It may, in its discretion, retain and continue any investment and security or securities coming into its possession in any fiduciary capacity. The foregoing shall apply as well whether a corporate trustee is acting alone or with an individual co-trustee.

[*R. L. s. 3040; 1941 c. 298; 1947 c. 234 s. 1*] (7735)

48.85 TRANSFER OF TRUSTS TO COMPANY; CONDITION. The trustees of any estate or property may surrender and resign such trust in favor of such trust company which will accept the same, and convey and deliver to it all property and assets of such trust, upon condition that the grantor, cestui que trust, and all parties in any manner interested in the execution and performance of such trust shall execute, acknowledge, and deliver an instrument in writing, whereby they shall consent to such transfer and the release and discharge of the original trustee, and the appointment of such trust company as his successor. If either party to the original trust is dead, or does not join in such written consent, or if such original trust was created under a last will, or an order or decree of a court of record, then such transfer shall not be valid except upon the judgment or decree of such court as would have jurisdiction of an action to remove the acting trustee, and full compliance with the terms and conditions of such judgment or decree.

[*R. L. s. 3041*] (7736)

48.86 TRUST FUNDS; INVESTMENT OF ACCUMULATIONS. Any amount not less than \$100 received by any trust company as executor, administrator, guardian, or other trustee, or by order of court, not required for the purposes of such trust, or not to be accounted for within one year, it shall invest as soon as practicable in authorized securities either then held by it or specially procured by it; and the income, less its proper charges, shall become part of the trust estate, and the net accumulations thereon shall be likewise invested, accounted for, and allowed in the settlement of such trust.

[*R. L. s. 3043*] (7738)

48.87 DEPOSIT OF SECURITIES. All securities, moneys, mortgages, certificates, bonds, notes, receipts, statements, records, and all papers relating thereto, of annuity, safe deposit and trust companies heretofore required by law to be deposited with the state auditor or the state treasurer, shall be deposited with the commissioner.

All duties heretofore devolving by law upon the state auditor and the state treasurer relating to the organization and conduct of annuity, safe deposit and trust companies shall hereafter be required of and be performed by the commissioner.

[*1905 c. 49 ss. 1, 2, 3; 1909 c. 495 ss. 1, 2*] (7743, 7744, 7745, 7746, 7747)

48.88 VIOLATIONS; PENALTIES. Subdivision 1. Any officer or employee of a bank or trust company who violates the provisions of sections 48.15 to 48.20, or who consents thereto or connives thereat, shall be guilty of a gross misdemeanor.

Subd. 2. Any person or officer of a state bank or trust company who knowingly or wilfully deposits with an agreement or understanding, either directly or indirectly, on the part of the bank or trust company to pay a larger rate of interest than that provided in section 48.25 shall be guilty of a misdemeanor.

[*1927 c. 257 s. 6; 1929 c. 144 s. 2*] (7699-13½a, 7699-19)