

MINNESOTA STATUTES 1977 SUPPLEMENT

FINANCIAL CORPORATIONS 47.20

46.09 State bank examiners or employees not to hold bank stock.

Subdivision 1. No person who is a bank examiner or other officer or employee of the division of banking shall be interested, either directly or indirectly, as a stockholder, director, officer, trustee, assignee, employee, or otherwise, in any bank, savings bank, trust company, financial institution, or corporation holding the stock of any such corporation within this state, or which carries on a banking business within this state, either directly or indirectly, or through an affiliated group or chain bank operating within this state. If the wife, or any other member of the household of a bank examiner, or other officer or employee, shall be so interested, it shall be conclusively presumed that the bank examiner, or other officer or employee, is indirectly interested in the corporation within the meaning of this section; but the meaning of the words "directly or indirectly" is not otherwise qualified. The provisions of this section shall not apply to the commissioner of banks.

Subd. 2. Officers, employees, and examiners of the division of banking, and members of their households, may:

- (a) maintain a demand or trust account in any financial institution;
- (b) maintain a savings, time or share account in any financial institution.

Officers, employees, and examiners of the division of banking may maintain accounts at financial institutions subject to examination by the commissioner of banks only to the extent that those accounts are insured by the federal deposit insurance corporation, federal savings insurance corporation, or national credit union administration.

[1977 c 272 s 4]

46.131 Examination fees for financial institutions.

[For text of subd 1, see M.S.1976]

Subd. 2. Each bank, trust company, savings bank, savings association, small loan company, industrial loan and thrift company, credit union, motor vehicle sales finance company, debt prorating agency and insurance premium finance company organized under the laws of this state or required to be administered by the commissioner of banks shall pay into the state treasury its proportionate share of the cost of maintaining the banking division.

[For text of subds 3 to 9, see M.S.1976]

Subd. 10. Each financial institution described in subdivision 2 shall pay a fee of \$25 to the commissioner of banks upon application to the commissioner for approval of a change in its certificate, charter, articles of incorporation, bylaws, powers or license. Money collected by the commissioner under this subdivision shall be deposited in the general fund.

[1977 c 272 s 5,6]

CHAPTER 47. FINANCIAL CORPORATIONS

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47.20 Use of federal acts; definitions; interest rates; required provisions; interest on escrow accounts; penalty.

Subdivision 1. Pursuant to such rules as the commissioner of banks finds to be necessary and proper, if any, banks, savings banks, mutual savings banks, building and loan associations, and savings and loan associations organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other banking institutions subject to the supervision of the commis-

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sioner of banks, and mortgagees or lenders approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, are authorized:

(1) To make such loans and advances of credit and purchases of obligations representing loans and advances of credit as are insured or guaranteed by the secretary of housing and urban development pursuant to the national housing act, as amended, or the administrator of veterans affairs pursuant to the servicemen's readjustment act of 1944, as amended, or the administrator of the farmers home administration pursuant to the consolidated farm and rural development act, Pub. L. 87-128, as amended, and to obtain such insurance or guarantees;

(2) To make such loans secured by mortgages on real property which the secretary of housing and urban development, the administrator of veterans affairs, or the administrator of the farmers home administration has insured or guaranteed or made a commitment to insure or guarantee, and to obtain such insurance or guarantees.

Subd. 2. For the purposes of this section the terms defined in this subdivision have the meanings given them:

(1) "Actual closing costs" mean reasonable charges for or sums paid for the following, whether or not retained by the mortgagee or lender:

(a) Any insurance premiums including but not limited to premiums for title insurance, fire and extended coverage insurance, flood insurance, and private mortgage insurance.

(b) Abstracting, title examination and search, and examination of public records.

(c) The preparation and recording of any or all documents required by law or custom for closing a conventional loan.

(d) Appraisal and survey of real property securing a conventional loan.

(e) A single service charge, which shall include any consideration, not otherwise specified herein as an "actual closing cost" paid by the borrower and received and retained by the lender for or related to the acquisition, making, refinancing or modification of a conventional loan, and shall also include any consideration received by the lender for making a commitment for a conventional loan, whether or not an actual loan follows such commitment. The term service charge shall not include developer's commitment fees. The service charge shall not exceed one percent of the original bona fide principal amount of the conventional loan, except that in the case of a construction loan, the service charge shall not exceed two percent of the original bona fide principal amount of the loan. That portion of the service charge imposed because the loan is a construction loan shall be itemized and a copy of the itemization furnished the borrower. A lender shall not collect from a borrower the additional one percent service charge permitted for a construction loan if it does not perform the service for which the charge is imposed or if third parties perform and charge the borrower for the service for which the lender has imposed the charge.

(f) Charges and fees necessary for or related to the transfer of real property securing a conventional loan or the closing of a conventional loan paid by the borrower and received by any party other than the lender.

(2) "Conventional loan" means a loan or advance of credit, other than a loan or advance of credit made by a credit union or made pursuant to section 334.011, to a noncorporate borrower in an original principal amount of less than \$100,000, secured by a mortgage upon real property containing one or more residential units or upon which at the time the loan is made it is intended that one or more residential units are to be constructed, and which is not insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration. The term mortgage shall not include contracts for deed or installment land contracts.

(3) "Developer's commitment fee" means a fee or other consideration paid to a lender by a person in the business of building or arranging for building residential

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units for the purpose of securing a commitment by the lender to make conventional loans to credit worthy purchasers of residential units, or a fee or other consideration paid to a lender for the purpose of securing a commitment by the lender to make conventional loans to credit worthy purchasers of apartments as defined in section 515.02 to be created out of existing structures pursuant to the Minnesota condominium act, by a person creating the apartments.

(4) "Finance charge" means the total cost of a conventional loan including extensions or grant of credit regardless of the characterization of the same and includes interest, finders fees, and other charges levied by a lender directly or indirectly against the person obtaining the conventional loan or against a seller of real property securing a conventional loan, or any other party to the transaction except any actual closing costs and any developer's commitment fee. The finance charges plus the actual closing costs and any developer's commitment fee, charged by a lender shall include all charges made by a lender other than the principal of the conventional loan.

(5) "Lender" means any person making a conventional loan. The term shall also include the holder or assignee at any time of a conventional loan.

(6) "Loan yield" means the annual rate of return obtained by a lender over the term of a conventional loan and shall be computed as the annual percentage rate as computed in accordance with sections 226.5 (b), (c) and (d) of Regulation Z, 12 C.F.R. section 226, but using the definition of finance charge provided for in this subdivision. The finance charge shall be amortized over the contract term of the conventional loan.

(7) "Monthly index of long term United States government bond yields" means the monthly unweighted average of the daily unweighted average of the closing bid yield quotations in the over the counter market for all outstanding United States treasury bond issues, based on available statistics, which are either maturing or callable in ten years or more. This index is expressed in terms of percentage interest per annum.

(8) "Person" means an individual, corporation, business trust, partnership or association or any other legal entity.

(9) "Residential unit" means any structure used principally for residential purposes or any portion thereof, and shall include a unit in a townhouse or planned unit development, a condominium apartment, a non-owner occupied residence, and any other type of residence regardless of whether such unit is used as a principal residence, secondary residence, vacation residence or residence of some other denomination.

Subd. 3. Notwithstanding the provisions of section 334.01, lenders are authorized to make conventional loans and purchases of obligations representing conventional loans pursuant to such rules as the commissioner of banks finds to be necessary and proper, if any, at an interest rate not in excess of the maximum lawful interest rate prescribed in subdivision 4.

Subd. 4. No conventional loan shall be made at a rate of interest in excess of a maximum lawful interest rate which shall be based upon the monthly index of long term United States government bond yields as compiled by the United States treasury department and published by the department in the monthly treasury bulletin. The maximum lawful interest rate shall be computed as follows:

(1) The maximum lawful rate of interest for a conventional loan made or contracted for during any calendar month shall be equal to the monthly index of long term United States government bond yields for the second preceding calendar month plus an additional two percent per annum rounded off to the nearest quarter of one percent per annum or rounded off to the highest quarter of one percent per annum if equidistant.

(2) On or before the 20th day of each month the commissioner of banking shall determine, based on available statistics, the monthly index of long term United States government bond yields for the preceding calendar month and shall determine the maximum lawful rate of interest for conventional loans for the next succeeding month, as defined in clause (1) and shall cause the maximum lawful rate of interest to be published in a legal newspaper in Ramsey county on or before

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the 20th day of each month and in the state register on or before the last day of each month; the maximum lawful rate of interest to be effective on the first day of the next succeeding month.

(3) The loan yield obtained from a conventional loan shall not exceed the maximum lawful rate of interest established in clause (1).

(4) A contract rate within the maximum lawful interest rate applicable to a conventional loan at the time the loan is made shall be the maximum lawful interest rate for the term of the conventional loan.

(5) Conventional loans made pursuant to a commitment for a conventional loan, including a commitment for conventional loans made upon payment of a developer's commitment fee, which provides for consummation within some future time following the issuance of the commitment may be consummated pursuant to the provisions, including the interest rate, of the commitment notwithstanding the fact that the maximum lawful rate of interest at the time such conventional loan is actually made is less than the commitment rate of interest, provided the commitment rate of interest does not exceed the maximum lawful interest rate in effect on the date the commitment was issued and provided that the commitment when issued and agreed to shall constitute a legally binding obligation on the part of the mortgagee or lender to make a conventional loan within a specified time period in the future at a rate of interest not exceeding the maximum lawful rate of interest effective as of the date the commitment was issued. The refinancing of an existing conventional loan shall be deemed to be a new conventional loan for purposes of determining the maximum lawful rate of interest under this subdivision. A commitment shall be deemed to be issued on the date the commitment is hand delivered by the lender to the borrower, or mailed to the borrower or to any one of them if there should be more than one.

(6) A loan made pursuant to a commitment, including a commitment for conventional loans made upon payment of a developer's commitment fee, issued on or before July 31, 1979 at a rate of interest not in excess of the rate of interest authorized by this subdivision at the time the contract or commitment for the loan was made shall continue to be enforceable in accordance with its terms until the indebtedness is fully satisfied.

(7) This subdivision expires July 31, 1979.

Subd. 5. No conventional loan or loan authorized in subdivision 1 made on or after the effective date of Laws 1977, Chapter 350 shall contain a provision requiring or permitting the imposition of a penalty in the event the loan or advance of credit is prepaid.

Subd. 6. No conventional loan or loan authorized in subdivision 1 made on or after the effective date of Laws 1977, Chapter 350 shall contain a provision requiring or permitting the imposition of a fee or penalty in excess of one-tenth of one percent of the remaining unpaid principal balance in the event the loan or advance of credit and the obligation incurred thereby is assumed by another person.

Subd. 7. (1) No conventional loan made on or after the effective date of Laws 1977, Chapter 350 shall contain a provision requiring or permitting the imposition, directly or indirectly, of any discount points, whether or not actually denominated as discount points, on any person.

(2) Discount points shall be deemed not to include a developer's commitment fee.

(3) No charges, fees, or sums permitted by this section which are paid to and received by a lender may be increased for purposes of evading compliance with this subdivision.

(4) This subdivision shall not apply to conventional loans secured by mortgages committed for purchase, purchased, or sold by the government national mortgage association pursuant to Section 115 of the Housing and Urban Development Act of 1969, Public Law 91-152, if the charge for any discount points when added to the finance charge does not result in a loan yield in excess of that permitted by subdivision 4. The loan yield shall be computed using the sum resulting when the discount points are so added to the finance charge.

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Subd. 8. A lender making a conventional loan shall comply with the following:

(1) The promissory note and mortgage evidencing a conventional loan shall be printed in not less than the equivalent of 8 point type, .075 inch computer type, or elite-size typewritten numerals, or shall be legibly handwritten.

(2) The mortgage evidencing a conventional loan shall contain a provision whereby the lender agrees to furnish the borrower with a conformed copy of the promissory note and mortgage at the time they are executed or within a reasonable time after recordation of the mortgage.

(3) The mortgage evidencing a conventional loan shall contain a provision whereby the lender, if it intends to foreclose, agrees to give the borrower written notice of any default under the terms or conditions of the promissory note or mortgage, by sending the notice by certified mail to the address of the mortgaged property or such other address as the borrower may have designated in writing to the lender. The lender need not give the borrower the notice required by this paragraph if the default consists of the borrower selling the mortgaged property without the required consent of the lender. The mortgage shall further provide that the notice shall contain the following provisions:

(a) the nature of the default by the borrower,

(b) the action required to cure the default,

(c) a date, not less than 30 days from the date the notice is mailed by which the default must be cured,

(d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by the mortgage and sale of the mortgaged premises, and

(e) that the borrower has the right to reinstate the mortgage after acceleration, and

(f) that the borrower has the right to bring a court action to assert the nonexistence of a default or any other defense of the borrower to acceleration and sale.

Subd. 9. (1) For purposes of this subdivision the term "mortgagee" shall mean all state banks and trust companies, national banking associations, state and federally chartered savings and loan associations, mortgage banks, mutual savings banks, insurance companies, credit unions or assignees of the above. Each mortgagee requiring funds of a mortgagor to be paid into an escrow, agency or similar account for the payment of taxes or insurance premiums with respect to a mortgaged one to four family, owner occupied residence located in this state, unless the account is required by federal law or regulation or maintained in connection with a conventional loan in an original principal amount in excess of 80 percent of the lender's appraised value of the residential unit at the time the loan is made or maintained in connection with loans insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration, shall calculate interest on such funds at a rate of not less than four percent per annum. Such interest shall be computed on the average monthly balance in such account on the first of each month for the immediately preceding 12 months of the calendar year or such other fiscal year as may be uniformly adopted by the mortgagee for such purposes and shall be annually credited to the remaining principal balance on the mortgage, or at the election of the mortgagee, paid to the mortgagor or credited to his account. If the interest exceeds the remaining balance, the excess shall be paid to the mortgagor or vendee. The requirement to pay interest shall apply to such accounts created prior to June 1, 1976 as well as to accounts created after June 1, 1976.

(2) A mortgagee offering the following option (c) to a mortgagor but not requiring maintenance of escrow accounts as described in clause (1), whether or not the accounts were required by the mortgagee or were optional with the mortgagor, shall offer to each of such mortgagors the following options:

(a) the mortgagor may manage the payment of insurance and taxes by himself;

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(b) the mortgagor may open with the mortgagee a passbook savings account carrying the current rate of interest being paid on such accounts by the mortgagee in which the mortgagor can deposit the funds previously paid into the escrow account; or

(c) the mortgagor may elect to maintain a non-interest bearing escrow account as described in clause (1) to be serviced by the mortgagee at no charge to the mortgagor.

A mortgagee that is not a depository institution offering passbook savings accounts shall instead of offering option (b) above notify its mortgagors (1) that they may open such accounts at a depository institution and (2) of the current maximum legal interest rate on such accounts.

A mortgagee offering option (c) above to a mortgagor but not requiring the maintenance of escrow accounts shall notify its mortgagor of the options under (a), (b) and (c). The notice shall state the option and state that an escrow account is not required by the mortgagee, that the mortgagor is legally responsible for the payment of taxes and insurance, and that the notice is being given pursuant to subdivision 9.

Notice shall be given within 30 days after the effective date of the provisions of Laws 1977, Chapter 350 amending the subdivision, as to mortgagees offering option (c) above to mortgagors but not requiring escrow accounts as of the effective date, or within 30 days after a mortgagee's decision to discontinue requiring escrow accounts if the mortgagee continues to offer option (c) above to mortgagors. If no reply is received within 30 days, option (c) shall be selected for the mortgagor but the mortgagor may, at any time, select another option.

A mortgagee making a new mortgage and offering option (c) above to a prospective mortgagor shall, at the time of loan application, notify the prospective mortgagor of options (a), (b) and (c) above which must be extended to the prospective mortgagor. The mortgagor shall select one of the options at the time the loan is made.

Any notice required by this clause (2) shall be on forms approved by the commissioner of banking and shall provide that at any time a mortgagor may select a different option. The form shall contain a blank where the current passbook rate of interest shall be entered by the mortgagee. Any option selected by the mortgagor shall be binding on the mortgagee.

This clause (2) does not apply to escrow accounts which are excepted from the interest paying requirements of clause (1).

(3) A mortgagee shall be prohibited from charging a direct fee for the administration of the escrow account.

(4) A mortgagee shall make timely payments of tax and insurance bills provided that funds paid into the account by the mortgagor are sufficient for the payment. If there is a shortage of funds the mortgagee shall promptly notify the mortgagor of the shortage. Failure to make the payment required by this clause shall subject the mortgagee to liability for all damages caused by the failure except that this sentence shall not deprive the mortgagee of the right to present any legal defenses in any subsequent proceeding. The mortgagee is permitted to make any payment on behalf of the mortgagor even though there are not sufficient funds in a particular account to cover the payment.

Subd. 10. Notwithstanding any other law, the provisions of this section may not be waived by any oral or written agreement executed by any person.

Subd. 11. All lenders who make conventional loans pursuant to this section and who are not financial institutions supervised by state or federal government agencies shall register with the banking division of the department of commerce. Lenders who make no more than five conventional loans in any calendar year are exempt from the registration requirements of this subdivision. The commissioner of banks shall charge and collect a fee of \$25 for registration.

For purposes of this subdivision, the Minnesota housing finance agency shall not be considered a lender.

Subd. 12. All lenders, including the Minnesota housing finance agency but ex-

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cluding lenders making no more than five conventional loans in any calendar year, shall make an annual report containing the following information and such further information as the commissioner may require to the commissioner of banks describing the lender's number of:

(a) conventional loans to individuals secured by a residential unit located in this state made during each month of the reporting period and the total dollar amount thereof by month;

(b) conventional loans to individuals secured by a residential unit located in this state *not made by the lender but acquired from others*, the total dollar amount thereof, and from whom the loans were acquired;

(c) loans, other than conventional loans, to individuals secured by a residential unit located in this state made by the lender categorized as to those insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration and all other such loans with the total dollar amount for each category of loan;

(d) conventional loans made by the lender to individuals secured by a residential unit located outside this state and the total dollar amount thereof;

(e) conventional loans to individuals secured by a newly built residential unit located in this state made by the lender and the total dollar amount thereof;

(f) conventional loans made by the lender and sold to the Minnesota housing finance agency and the total dollar amount thereof;

(g) commitments to individuals issued for conventional loans to be secured by a residential unit located in this state, and not made, and the total dollar amount thereof.

The reports shall be filed on or before March 1 of each year and shall cover the preceding calendar year.

Subd. 13. Any conventional loan having an interest rate in excess of the maximum lawful interest rate provided for in subdivision 4 shall be usurious and subject to the same penalties as a loan made in violation of section 334.01. Any lender intentionally violating any other provision of this section shall be fined not more than \$100 for each offense.

[1977 c 350 s 1]

47.51 Detached banking facilities; definitions.

As used in sections 47.51 to 47.57:

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

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

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

"Commissioner" means the commissioner of banks.

"Municipality" means the geographical area encompassing the boundaries of any home rule charter or statutory city located in this state.

[1977 c 378 s 1]

47.52 Authorization.

(a) With the prior approval of the commissioner, any bank doing business in

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this state may establish and maintain not more than two detached facilities provided the facilities are located within the municipality in which the principal office of the applicant bank is located; or within 5,000 feet of its principal office measured in a straight line from the closest points of the closest structures involved; or within 25 miles of its principal office measured in a straight line from the closest points of the closest structures involved, if the detached facility is within any municipality in which no bank is located at the time of application or if the detached facility is in a municipality having a population of more than 10,000, according to the last previous United States census, or if the detached facility is located in a municipality having a population of 10,000 or less and all the banks having a principal office in the municipality have consented in writing to the establishment of the facility. (b) A detached facility shall not be closer than 50 feet to a detached facility operated by any other bank and shall not be closer than 100 feet to the principal office of any other bank, the measurement to be made in the same manner as provided above. This clause shall not be applicable if the proximity to the facility or the bank is waived in writing by the other bank and filed with the application to establish a detached facility.

[1977 c 378 s 2]

47.53 Functions of a facility.

The function of the detached facility shall be limited to opening deposit accounts, receiving deposits of every kind, cashing checks or orders to pay, issuing drafts, money orders and travelers checks, accepting loan applications and receiving payments payable at the bank.

[1977 c 378 s 3]

47.54 Notices and approval procedures.

Subdivision 1. Any bank desiring to establish a detached facility shall execute and acknowledge an application, in writing, in the form prescribed by the commissioner, and shall file the application in his office, together with a fee of \$500, and if an application is contested, an additional fee equal to the actual costs incurred by the commissioner in approving or disapproving the application, payable to the state treasurer and credited by the treasurer to the general fund. Thereupon the applicant shall publish a notice of the filing of the application in a newspaper published in the municipality in which the proposed detached facility is to be located, and if there is no such newspaper, then at the county seat of the county in which the facility is proposed to be located. The notice shall be in the form prescribed by the commissioner and, in addition to the publication, the applicant shall mail a copy of the notice by certified mail to every bank located within three miles of the proposed location of the detached facility, measured in the manner as provided above.

Subd. 2. If no objection is received by the commissioner within 30 days after the publication and mailing of the notices, the commissioner shall issue his order approving the application without a hearing if he finds that (a) the applicant bank meets current industry standards of capital adequacy, management quality, and asset condition, (b) the establishment of the proposed detached facility will improve the quality or increase the availability of banking services in the community to be served, and (c) the establishment of the proposed detached facility will not have an undue adverse effect upon the solvency of existing financial institutions in the community to be served. Otherwise, the commissioner shall deny the application.

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

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governing contested cases, including the provisions of the act relating to judicial review of agency decisions.

Subd. 4. If upon the hearing, it appears to the commissioner that the requirements for approval contained in subdivision 2 have been met, he shall, not later than 90 days after the hearing, and after the applicant has otherwise complied with the provisions of law applicable to the establishment of a facility, issue the certificate of authorization. If a facility is not activated within 12 months from the date of issue of the certificate, the certificate shall automatically expire. If the commissioner shall decide that the application should not be granted, he shall issue his order to that effect and forthwith give notice by certified mail to the applicant.

[1977 c 378 s 4]

47.55 Existing facility.

A bank may retain and operate one detached facility as it may have had in operation prior to May 1, 1971 without requirement of approval hereunder, provided that its function is limited as provided in section 47.53 and its location conforms with the provisions of section 47.52. A bank having such a retained detached facility shall be limited to operating two additional detached facilities.

[1977 c 378 s 5]

CHAPTER 48. BANKS, TRUST COMPANIES

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48.02 Capital and surplus; prepayment of capital.

The capital and surplus of every state bank hereafter organized shall be at least \$250,000. In addition thereto undivided profits shall be provided for in such an amount as the commissioner shall determine to be adequate under the circumstances to avoid any possible impairment of capital and surplus. The total of these outlays shall be known as capital funds, and payment thereof shall be made in full, in cash or authorized securities, deposited in an approved custodial bank, and certified to the commissioner, under oath of the president and cashier, as well as the custodial bank, before the proposed state bank shall be authorized to commence business. The capital funds of a proposed bank shall not be less than a total amount which the commissioner considers necessary, having in mind the deposit potential for such a proposed bank and current banking industry standards of capital adequacy.

[1977 c 272 s 7]

48.10 Annual audit; report.

The board of directors shall annually examine the books of a bank, either in person, or by appointing an examining committee, or an auditor, who may be an independent auditor or accountant. The examining committee or auditor shall be solely responsible to the directors. A report shall be made to the directors as to the scope of the examination or audit, and also to show those assets, excluding marketable securities and fixed assets, which are carried on the books for more than actual value. This report shall be retained as a permanent record or incorporated in the minutes of the meeting, and a copy of the report shall be sent to the commissioner of banks.

[1977 c 272 s 8]

48.153 Installment loans; finance charges; minimum charges.

Any bank organized under the laws of this state, or any national banking association doing business in this state, making any loan of money not exceeding \$25,000 repayable in installments, may make a finance charge for such loan to be