CHAPTER 50

SAVINGS BANKS

50.001	APPLICATION FOR CERTIFICATE OF AUTHORITY; PROCEDURE.	50.148	AUTHORIZED INVESTMENTS; MANUFACTURED HOME LOANS.
50.01	EXPEDIENCY ASCERTAINED.	50.1485	LENDING AUTHORITY.
50.04	BONDS OF TRUSTEES OR DIRECTORS.	50.155	PURCHASE OF CERTAIN MORTGAGE LOANS.
50.05	BONDS OF OFFICERS AND EMPLOYEES.	50.17	DEPOSIT ACCOUNTS.
50.06	DIRECTORS.	50.171	TREASURY TAX AND LOAN ACCOUNTS OF THE UNITED STATES.
50.065	OFFICERS.	50.175	NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNT.
50.085	POWERS.	50.18	METHOD OF DETERMINING SURPLUS.
50.11	SECURITIES HELD FOR SAFEKEEPING; SAFE DEPOSIT BOXES; LIMITATION OF LIABILITY.	50.19	REPORTS TO THE COMMISSIONER.
50.13	REAL ESTATE.	50.20	REPORT TO SHOW LIABILITIES.
50.14	AUTHORIZED SECURITIES.	50.212	SAVINGS BANK REGULATION.
50.145	AUTHORIZED INVESTMENTS; GENERAL AUTHORITY.	50.24	EXISTING BANKS CONFORMED; EXCEPTIONS.
50.146	AUTHORIZED INVESTMENTS; CORPORATIONS.	50.245	BRANCHES; ACQUISITIONS.
50.1465	AUTHORIZED INVESTMENTS; SERVICE CORPORATIONS.	50.25	BANKS ORGANIZED UNDER THE LAWS OF MINNESOTA; CAPITAL STOCK; AMENDMENT OF ARTICLES.
50.147	AUTHORIZED INVESTMENTS; STUDENT LOANS.	50.28	DECLARATORY JUDGMENTS.

50.001 APPLICATION FOR CERTIFICATE OF AUTHORITY; PROCEDURE.

The procedures for the application and issuance of a certificate of authority to a savings bank organized pursuant to section 47.12 shall be those applicable to a state bank in sections 46.041 to 46.045.

History: *1995 c 171 s 33; 2005 c 69 art 3 s 5*

50.01 EXPEDIENCY ASCERTAINED.

To enable the commissioner of commerce to determine the expediency of the organization of a savings bank, as in this chapter prescribed, the commissioner shall investigate and ascertain:

(1) whether greater convenience of access to a savings bank will be afforded to any considerable number of depositors by opening the proposed bank;

(2) whether the population in the vicinity of the location of the bank affords reasonable promise of adequate support therefor; and

(3) whether the responsibility, character, and general fitness of the persons named as directors in the certificate are such as to command the confidence of the community in the proposed bank.

History: *(7700) RL s 3009; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1995 c 171 s 34*

50.02 [Repealed, 1995 c 171 s 70]

50.03 [Repealed, 1997 c 157 s 72]

50.04 BONDS OF TRUSTEES OR DIRECTORS.

Every director, before entering upon any duties, shall give bond to the state in a penal sum of not less than $5,000, with sureties approved by the commissioner of commerce, conditioned for the faithful discharge of those duties, and file the same with the commissioner of commerce. An action may be maintained on this bond by any person aggrieved by breach of any of its conditions, upon leave granted by any judge of the district court, for such damages as the plaintiff may be entitled to, not exceeding its amount; and like successive actions may be maintained until such amount is exhausted.

History: *(7703) RL s 3012; 1976 c 181 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1995 c 171 s 35*

50.05 BONDS OF OFFICERS AND EMPLOYEES.

A savings bank shall be protected against loss by reason of the unlawful act of its officers or employees by a surety bond in an amount approved by the board of directors and 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 company in good standing authorized to do business in this state. The commissioner of commerce or the board of directors of the savings bank may require an increase of the amount of the bond whenever either deems it necessary. This section shall not require the bonding or insuring of officers or directors of a savings bank not having active management or control of the savings bank or of employees of a savings bank not holding positions of trust. Any bond given or contract of insurance secured shall be in favor of the savings bank.

History: *(7704) RL s 3013; 1986 c 444; 1995 c 171 s 36*

50.06 DIRECTORS.

Subdivision 1. **Authority and qualifications.** The business of every such stock savings bank shall be managed by a board of not less than seven directors who are residents of this state. Each director must file a written acceptance of the position before the director is authorized to act. The persons named in the certificate of authorization shall constitute the first board.

Subd. 2. **Classes.** In its certificate of incorporation, a corporation may establish classes of its directors and the terms for each class. No class may be elected for a term of less than one year, or more than five years, and the term of office of at least one class must expire each year.

Subd. 3. **Vacancies.** Each vacancy shall be filled by the board as soon as practicable, at a regular meeting thereof, except when a resolution reducing the number of directors named in its charter to a number not less than seven shall have been incorporated into its bylaws, and a copy thereof filed with the commissioner of commerce, in which case vacancies shall not be filled until the number has been reduced to that specified in this resolution. The number may be increased to any number specified in a like resolution, consented to, in writing, by the commissioner of commerce.

Subd. 4. **Quorum to do business.** A majority of the directors constitutes a quorum for the transaction of business.

Subd. 5. **Action without meeting.** Any action which might be taken at a meeting of the board of directors may be taken without a meeting if done in writing signed by all of the directors.

History: *(7705) RL s 3014; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1995 c 171 s 37; 2005 c 69 art 1 s 14*

50.065 OFFICERS.

Every savings bank, except when otherwise specially provided, must have a president, secretary, and treasurer, and may have one or more vice-presidents and other officers, as its certificate of incorporation or bylaws may provide. The time and manner of their election and their respective duties must be prescribed in the certificate of incorporation or in the bylaws. Only one president of record may act on behalf of the savings bank; however, additional officers may be titled president for purposes of empowering those additional officers to function as managing officers of detached facilities of banks.

History: *2005 c 69 art 1 s 15*

50.07 [Repealed, 1995 c 171 s 70]

50.08 [Repealed, 1995 c 171 s 70]

50.085 POWERS.

Subdivision 1. **Generally.** Every savings bank incorporated pursuant to or operating under this chapter shall be a body corporate; shall have all the powers enumerated, authorized, and permitted by this chapter and other applicable law; shall have other rights, privileges, and powers as may be incidental to or reasonably necessary or appropriate for the accomplishment of the objects and purposes of the savings bank; and shall have those powers possessed by corporations organized under chapter 302A.

Subd. 2. **Borrowing.** A savings bank may borrow money and issue its obligations for the borrowed money, including, but not limited to, obligations, bonds, notes, or other debt securities, except as otherwise provided by this chapter or by rules of the commissioner of commerce. An obligation, bond, note, or other debt security may include a written provision subordinating the debt to claims of other creditors or of depositors. Borrowings may be secured by property of the savings bank.

Subd. 3. **Facilitating organizations.** A savings bank may become a member of, purchase stock or securities in, deposit money with, deal with, make reasonable payments or contributions to, or comply with any other conditions of membership or credit from any corporation or agency of the United States or of this state, or of any other organization to the extent the corporation, agency, or organization assists in furthering or facilitating the saving bank's purposes, powers, or community responsibilities.

Subd. 4. **Loans, contracts, and leases.** A savings bank may make, sell, purchase, invest in, and participate or otherwise deal in loans and installment sale contracts and other forms of indebtedness, and take any manner of security for the loans and contracts. A savings bank may also acquire and lease or participate in the acquisition and leasing of personal property.

Subd. 5. **Savings, loans, investment.** A savings bank may acquire deposits in the form of demand accounts, checking accounts, negotiable order of withdrawal accounts, savings accounts, time deposits, money market deposit accounts, treasury tax and loan accounts, and other types of deposits, and pay interest or dividends on those accounts, except that interest or dividends must not be paid on demand deposit accounts. No capital stock savings bank shall accept deposits in a sum exceeding 30 times the amount of its capital stock and its actual surplus.

Subd. 6. **Insurance of accounts.** A savings bank may obtain and maintain insurance of its deposit accounts by the Federal Deposit Insurance Corporation or any other federal agency established for the purpose of insuring deposit accounts in savings banks.

Subd. 7. **Safe deposit boxes.** A savings bank may maintain and let safes, boxes, or other receptacles for the safekeeping of personal property upon agreed-upon terms and conditions. This subdivision does not supersede any inconsistent provision of statute.

Subd. 8. **Drafts.** A savings bank may issue drafts and similar instruments drawn on the savings bank to aid in effecting withdrawals and for other purposes of the savings bank; accept for payment at a future date drafts drawn upon it by its customers; and issue, advise, or confirm letters of credit authorizing holders to draw drafts upon it or its correspondents.

Subd. 9. **Fiscal agent.** A savings bank may act as fiscal agent of the United States, and, when so designated by the Secretary of Treasury, perform, under regulations the secretary prescribes, all reasonable duties as fiscal agent of the United States as the secretary may require; and act as agent for any instrumentality of the United States and as agent of this state and any instrumentality of it.

Subd. 10. **Servicing.** A savings bank may service loans and investments for others.

Subd. 11. **Insurance agency.** (a) A savings bank located and doing business in any place where the population does not exceed 5,000 inhabitants as shown by the last preceding decennial census may, directly or through a subsidiary, subject to any rules adopted by the commissioner, act as an agent for any property-casualty, life, or other insurance company authorized by the commissioner to do business in this state. Except as provided in paragraph (c), a savings bank may not directly or through a subsidiary act as an agent for any property-casualty, life, or other insurance company in any place where the population exceeds 5,000 inhabitants as shown by the last preceding decennial census.

(b) To the extent allowed under paragraphs (a) and (c), a savings bank or its subsidiary may solicit or sell insurance and collect premiums on policies issued by the insurance company and may receive for these services the fees and commissions agreed upon between the savings bank and the insurance company.

(c) A savings bank may, directly or through a subsidiary, act as an agent for any property-casualty, life, or other insurance company in a place where the population exceeds 5,000 inhabitants as shown by the last preceding decennial census, if:

(1) the savings bank is a direct or indirect subsidiary of a state or federal savings association or of a state or federal savings association holding company that, prior to August 1, 1995, had a license from the commissioner to solicit or sell insurance of the type in question, or directly or indirectly controlled a subsidiary that held such a license; or

(2) the savings bank is a successor to a state or federal savings association as a result of merger, charter conversion, or otherwise, which association, prior to August 1, 1995, held a license from the commissioner to solicit or sell insurance of the type in question, or directly or indirectly controlled a subsidiary that held such a license.

Subd. 12. **Limited trusteeship.** A savings bank may act as trustee or custodian of a self-employed retirement plan under the federal Self-Employed Individuals Tax Retirement Act of 1962, as amended, and of an individual retirement account under the federal Employee Retirement Income Security Act of 1974, as amended, to the same extent permitted for state banks under section 48.15. All funds held in a fiduciary capacity by the savings bank under the authority of this subdivision may be commingled and consolidated for appropriate purposes of investment if records reflecting each separate beneficial interest are maintained by the fiduciary unless the responsibility is lawfully assumed by another appropriate party.

Subd. 13. **Escrow.** A savings bank may engage in an escrow business.

Subd. 14. **Trust powers.** Upon application to and approval by the commissioner of commerce, a savings bank may act as trustee, executor, administrator, personal representative, conservator, custodian, guardian, or in any other fiduciary capacity in which state banks, trust companies, or other corporations are permitted to act, and receive reasonable compensation for it. A savings bank that has qualified and obtained a certificate, as provided in section 48.37, may use in its corporate name or title, in addition to the words "savings bank" or other words permitted by law, the words "trust" or "trust company," and may display and make use of signs, symbols, tokens, letterheads, cards, circulars, and advertising stating or indicating that it is authorized to transact the business authorized by those sections, and a savings bank using the words "trust" or "trust company" is not required to use the word "state" in its corporate name. A savings bank may not invest, pursuant to section 50.1465, in a corporation that engages in activities described in this subdivision, without first obtaining the approval of the commissioner of commerce.

Subd. 15. **Securing deposits.** In addition to the authority conferred in subdivision 2, a savings bank may pledge, hypothecate, assign or transfer, or create a lien upon or charge against its assets to secure: (1) public funds, including money or deposits of the United States or any instrumentality of it and of this state or any instrumentality of it; (2) money or deposits of a trustee in bankruptcy; (3) money borrowed in good faith from other banks, trust companies, financial institutions, or any financial agency created by act of Congress; (4) the acquisition of real estate to be carried as an asset as provided in section 47.10; (5) a liability that arises from a transfer of a direct obligation of, or obligations that are fully guaranteed as to principal and interest by, the United States government or an agency of it that the savings bank is obligated to repurchase; (6) money and deposits held in escrow; (7) money and deposits if acting as a corporate fiduciary; and (8) treasury tax and loan accounts as provided in section 50.171.

Subd. 16. **Data processing services.** A savings bank may provide data processing services to others and act as a custodian of records for others on a for-profit basis and utilize data processing services and place records of the savings bank for storage and safekeeping with another person for a fee.

Subd. 17. **Electronic financial terminals.** A savings bank may directly or indirectly acquire, place, and operate, or participate in the acquisition, placement, and operation of, electronic financial terminals and transmission facilities, in accordance with the requirements of sections 47.61 to 47.74.

Subd. 18. **Additional powers authorized for state banks.** A savings bank may exercise the powers that are specifically enumerated by law for banks authorized to do business under chapter 48.

Subd. 19. **Parity provision.** (a) In addition to other investments authorized by law and the powers conferred by this chapter, and subject to the regulation of the commissioner of commerce, a savings bank may, directly or through a subsidiary, undertake any activities, exercise any powers, or make any investments that any state bank or national bank located or doing business in this state may undertake, exercise, or make as of August 1, 1995.

(b) The commissioner may authorize a savings bank to undertake any activities, exercise any powers, or make any investments that become authorized activities, powers, or investments after August 1, 1995, for any state bank or national bank located or doing business in this state.

(c) Subject to rules adopted by the commissioner, and subject to the investment limits in section 50.1465, a subsidiary of a savings bank may undertake any activities, exercise any powers, or make any investments not authorized for any state bank or national bank but authorized as of August 1, 1995, for any state bank or national bank subsidiary located and doing business in this state.

(d) The commissioner may authorize a subsidiary of a savings bank to undertake any activities, exercise any powers, or make any investments that become authorized activities, powers, or investments after August 1, 1995, for any state bank or national bank subsidiary located and doing business in this state.

(e) The commissioner at any time may limit any activity, power, or investment for any savings bank or savings bank subsidiary under this subdivision or section 50.1465, subdivision 1, clauses (2) and (3), for supervisory, legal, or safety and soundness reasons. A savings bank aggrieved by an action of the commissioner under this subdivision may appeal the action, and the proceedings shall be conducted pursuant to sections 14.63 to 14.69.

History: *1995 c 171 s 38; 1998 c 331 s 36; 2005 c 69 art 3 s 6*

50.09 [Repealed, 1995 c 171 s 70]

50.10 [Repealed, 1995 c 171 s 70]

50.11 SECURITIES HELD FOR SAFEKEEPING; SAFE DEPOSIT BOXES; LIMITATION OF LIABILITY.

A savings bank may receive for safekeeping for its depositors obligations of the United States or its possessions or of a state or territory of the United States, or of any political subdivision of any such state or territory, and it may provide for, and hire to, its depositors safe deposit boxes in which to keep securities and valuable papers, but the liability of a savings bank to any person or association of persons on account of hiring such safe deposit box or boxes shall in no event exceed $20,000.

History: *(7710) 1923 c 312 s 1; 1995 c 171 s 39*

50.12 [Repealed, 1995 c 171 s 70]

50.13 REAL ESTATE.

A savings bank may purchase, hold, or convey land sold upon foreclosure of mortgages owned by it, or upon judgments or decrees in its favor, or in settlement of debts, or received in exchange as part of the consideration of real estate sold by it. Real estate so received in exchange shall not be carried on the books of the bank at a price exceeding the cost of that exchanged, less the cash payment, and all real estate so acquired shall be sold within ten years after its acquirement, unless the time is extended by the commissioner of commerce on application of the board of directors.

History: *(7713) RL s 3021; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1995 c 171 s 40*

50.14 AUTHORIZED SECURITIES.

Subdivision 1. **Definition.** Except as it relates to the investment of trust funds by corporate trustees or by individual trustees, the term "authorized securities" whenever used in the statutes and laws of this state shall be understood as referring to the following described securities in which the directors of any savings bank shall invest the money deposited therein and which at the time of the purchase thereof are included in one or more of the following classes.

Subd. 2. **Class one.** Class one shall be:

(a) the bonds or other interest bearing obligations of the United States, or in securities for the payment of which and interest thereon the faith of the government is pledged;

(b) shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in obligations of the United States government, in obligations fully guaranteed by the United States government, or in obligations of instrumentalities of the United States government such as the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Land Banks, the Federal Intermediate Credit Banks, or the Banks for Cooperatives;

(c) the bonds or other interest bearing securities of the Dominion of Canada, provided that the full faith and credit of the Dominion of Canada is pledged for the payment thereof and provided further that they are payable in United States dollars within the United States.

Subd. 3. **Class two.** Class two shall be the bonds or notes of any state which has not defaulted in the payment of any bonded debt within ten years prior to the making of such investment; and in the highway revenue bonds or certificates of such states payable out of irrevocably pledged special revenues to be derived from gasoline or other motor fuel taxes or motor vehicle license fees, provided that such revenues during the most recent fiscal year of such state (next preceding the date of such investment) were equal to at least 1-1/4 times the interest, principal, and sinking fund requirements of such revenue bonds or certificates during such fiscal year.

Subd. 4. **Class three.** Class three shall be:

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

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

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

(1) if the county, municipality, district or authority is of any state other than Minnesota, it contains at least 3,500 inhabitants;

(2) the obligations were issued to finance the purpose of construction of or addition to a public enterprise furnishing water, sewer, lighting, power, gas, or road facilities, from which revenue is to be derived;

(3) the governing body or other legally constituted authority has covenanted or is required by law to establish and maintain rates to yield sufficient revenue for the payment of operating expenses, maintenance

expenses, and principal and interest on the revenue obligations and to pledge that revenue irrevocably for those purposes;

(4) at the date of investment the public enterprise has been in operation for at least three years; and

(5) during the preceding three fiscal years its annual net earnings, after payment of operating expenses and maintenance expenses, have been on the average at least 1-1/4 times the average annual interest, principal, and sinking fund requirements on the revenue obligations during the period from the end of its most recent fiscal year to the final maturity of the obligations; and

(d) the bonds or other interest-bearing obligations, payable from revenues other than ad valorem taxes as contemplated in clause (a), validly issued by any state or insular possession of the United States, or by any agency, instrumentality, municipality, or governmental or public subdivision, district, corporation, commission, board, council, or authority of whatsoever kind, created for public purposes by or pursuant to the laws of any state, provided that the bonds or other interest-bearing obligations are at the time of purchase rated among the highest three quality categories, not applicable to bonds or other interest-bearing obligations in default as to principal, used by a nationally recognized rating agency for rating the quality of similar bonds or other interest-bearing obligations, and are not rated lower by any other such agency.

Subd. 5. **Class four.** (1) Class four shall be:

(a) notes or bonds secured by mortgages or trust deeds on unencumbered real estate, whether in fee or in a leasehold of a duration not less than ten years beyond the maturity of the loan, in any state of the United States, worth at least the amount loaned thereon;

(b) notes or bonds secured by mortgages or trust deeds on unencumbered real estate in clause (1)(a) where the notes or bonds do not exceed 80 percent of the appraised value of the security for the same, provided that the notes or bonds are payable in installments aggregating not less than five percent of the original principal a year in addition to the interest; or, are payable on a regular amortization basis in equal installments, including principal and interest, these installments to be payable monthly in amounts that the debt will be fully paid in not to exceed 30 years if the security is nonagricultural real estate, and these installments to be payable annually or semiannually in amounts that the debt will be fully paid in not to exceed 25 years if the security is agricultural real estate. A construction loan is deemed amortized as required by this clause if the first installment thereon is payable not later than 18 months after the date of the first advance in the case of residential construction or not later than 36 months after the date of the first advance in the case of nonresidential construction; and

(c) notes or bonds secured by mortgages or trust deeds on unencumbered real estate in clause (1)(a) which are in an original principal amount of $100,000 or more and which do not exceed 95 percent of the appraised value of the security for the same which may be payable in the manner as the directors of the savings bank prescribe, provided that construction loans made by a savings bank pursuant to this clause (1)(c) do not exceed in the aggregate five percent of the assets of the savings bank.

(2) Class four investments shall be made only on report of a committee directed to investigate the same and report its value, according to the judgment of its members, and its report shall be preserved among the bank's records.

(3) Notwithstanding anything to the contrary in clause (1)(b), a savings bank organized under the laws of this state may invest in notes or bonds secured by mortgages or trust deed where the notes or bonds do not exceed 95 percent of the appraised value of the security for the same. Except as modified herein, the other provisions of clause (1)(b) apply.

(4) For purposes of this subdivision, real estate is deemed unencumbered if the only existing mortgage or lien against the real estate is a first mortgage lien in favor of the savings bank making a second mortgage loan or if the total unpaid aggregate of all outstanding liens against the same real estate does not exceed 80 percent of its appraised value.

(5) Renegotiable rate notes or bonds secured by mortgages or trust deeds where the notes or bonds do not exceed 95 percent of the appraised value of the security for the same.

For the purposes of this clause, a renegotiable rate mortgage loan is a loan issued for a term of three years to five years, secured by a mortgage maturing in not to exceed 30 years, and automatically renewable at equal intervals after the original loan term which may be up to six months shorter or longer than subsequent terms. The loan must be repayable in equal monthly installments of principal and interest during the loan term, in an amount at least sufficient to amortize a loan with the same principal and at the same interest rate over the remaining life of the mortgage.

In the mortgage documents, the savings bank must grant to the borrower an option to renew the loan for a new term, but not beyond the maturity date of the mortgage, at a new interest rate which shall be the savings bank's current market rate of interest on similar loans determined 60 days before the due date of the loan: provided, that the maximum interest rate increase shall be equal to one-half of one percent per year multiplied by the number of years in the loan term with a maximum net increase of five percent over the life of the mortgage. Interest rate increases are optional with the savings bank; net decreases from the previous loan term are mandatory.

The borrower may not be charged costs connected with the renewal of the loan.

Sixty days before the due date of the loan, the savings bank shall send a written notification to the borrower containing the following information: (i) the date on which the entire balance of borrower's loan is due and payable; (ii) a statement that the loan will be renewed automatically by the savings bank at the rate specified in the notice unless the borrower pays the loan by the due date; (iii) the amount of the monthly payment, calculated according to the new rate determined at the time of notice; (iv) a statement that the borrower may prepay the loan without penalty at any time after the original loan becomes due and payable; and (v) the name and phone number of a savings bank employee who will answer the borrowers' questions concerning the information in the notice.

An applicant for a renegotiable rate mortgage loan must be given, at the time an application is requested, written disclosure materials prepared in reasonably simple terms that contain at least the following information: (i) an explanation of how a renegotiable rate mortgage differs from a standard fixed rate mortgage; (ii) an example of a renegotiable rate mortgage indicating the maximum possible interest rate increase and monthly payment calculated on that rate at the time of the first renewal; and (iii) an explanation of how the savings bank determines what the rate will be at the end of each loan term.

(6) An investment in notes or bonds secured by mortgages or trust deeds on real estate in fee or in a leasehold may exceed the 80 percent requirement in paragraph (1), clause (b), and the 95 percent requirement in paragraph (2), if the amount of the loan in excess of those limits is insured or guaranteed by a private mortgage insurer that the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association has determined to be a qualified private insurer.

Subd. 6. **Class five.** Class five shall be notes secured by such bonds or mortgages, as the bank under this section is authorized to invest in, but no such bond or mortgage shall be taken as collateral security for more than its par value, nor shall the aggregate amount of securities taken be less than the full amount loaned thereon, and no such loan shall be made for a longer time than one year, nor to a greater amount to any one

person than three percent of the total deposits of the bank. No such bank shall loan in the aggregate, on the security specified in this paragraph, more than one-fourth of its deposits.

Subd. 7. **Class six.** Class six shall be the "eligible obligations" of "qualifying railroad corporations," both as hereinafter defined.

(a) A "qualifying railroad corporation" shall be one which at the time of investment

(1) Shall have been incorporated under the laws of the United States or of any state thereof or of the District of Columbia, and

(2) Shall own or operate within the United States not less than 500 miles of standard gauge railroad lines exclusive of sidings, or shall have had, for its five preceding fiscal years, average gross railway operating revenues of at least $10,000,000 annually, or shall own or operate railroad terminal property located in a city within the United States having at least 200,000 population, and

(3) Shall not have been in default in the payment of any part of the principal or interest owing by it upon any part of its funded indebtedness, at any times during its current fiscal year and its five consecutive fiscal years immediately prior thereto, except that if the corporation shall have been reorganized in receivership or bankruptcy within such period such corporation shall not have been in such default since the effective date of reorganization, and

(4) Shall not have fixed interest obligations in excess of 60 percent of the total sum of (a) its fixed interest obligations, (b) obligations, if any, bearing interest on a contingent basis, (c) preferred stock, if any, at par or stated value, (d) common stock at par or stated value and (e) earned surplus, and

(5) Shall have had net earnings (a) in its five fiscal years immediately preceding time of purchase, of an average annual amount not less than 1-1/2 times the fixed charges of the year immediately preceding time of purchase, and (b) in four of its five fiscal years immediately preceding time of purchase and in its fiscal year immediately preceding time of purchase, not less than the fixed charges of those respective years, except that if the corporation shall have been reorganized in receivership or bankruptcy within such period, its net earnings for each year shall have been not less than the fixed charges of the reorganized company. As used herein "net earnings" shall be defined as gross operating and nonoperating income of a railroad corporation or its predecessor corporation, minus traffic and transportation expenses, maintenance, depreciation, rent of equipment and joint facilities, and other operating expenses, and taxes excluding income and profits taxes. As used herein "fixed charges" shall be defined as interest on debt on which there is an unqualified obligation to pay interests, leased line rentals and amortization of debt discount and expense, except that if a corporation has been reorganized in receivership or bankruptcy within five years prior to time of purchase "fixed charges" shall be the fixed charges of the reorganized company.

(b) "Eligible obligations" shall be bonds, notes or other obligations which

(1) Shall have been issued by a qualifying railroad corporation, or shall have been assumed or guaranteed as to principal and interest by a qualifying railroad corporation, and

(2) Shall bear interest at a fixed rate, and

(3) Shall have a definite maturity date, and

(4) Shall be secured by either (a) a lien upon railroad lines which shall be a first lien upon at least two-thirds of the total mileage covered by such lien and upon at least 100 miles of main lines or (b) a first

mortgage or lien on railroad terminal property and assumed or guaranteed as to principal and interest by two or more qualifying railroad corporations.

(c) No savings bank shall invest in securities of class six to an amount exceeding in the aggregate 15 percent of its deposits; nor in securities of class six secured by lien upon railroad lines, issued, guaranteed, or assumed by any one railroad corporation to an amount exceeding two percent of its deposits; nor in securities of class six secured by lien upon any one railroad terminal property to an amount exceeding one percent of its deposits.

The requirements set forth herein governing investments in securities under this subdivision shall affect only those securities acquired after the effective date of Laws 1945, chapter 140.

Subd. 8. **Class seven.** Class seven shall be farm loan bonds issued by any federal land bank, or by a joint stock land bank in the Federal Reserve district in which Minnesota is situated, in accordance with the provisions of an Act of Congress of the United States of July 17, 1916, known and designated as "The Federal Farm Loan Act," and acts amendatory thereto; stocks, bonds, and obligations of the Federal Home Loan Banks established by Act of Congress known as the Federal Home Loan Bank Act approved July 22, 1932, and acts amendatory thereto; and bonds issued by the federal land banks, federal intermediate credit banks, and the banks for cooperatives in accordance with the provisions of an Act of Congress of the United States known as the Farm Credit Act of 1971, and acts amendatory thereto.

Subd. 9. **Class eight.** Class eight shall be bankers' acceptances of the kind and character following:

(a) Bankers acceptances of the kind and maturities made eligible by law for rediscount with or purchase by Federal Reserve banks, providing the same are accepted or endorsed by a bank, or trust company incorporated under the laws of this state; or by any bank or trust company in the United States which is a member of the Federal Reserve System.

(b) Not more than 20 percent of the assets of any savings bank shall be invested in such acceptances. Not more than seven percent of the aggregate amount credited to the depositors of any savings bank shall be invested in the acceptances of or deposited with a trust and banking company or with a national bank of which a trustee of such savings bank is a director.

Subd. 10. **Class nine.** Class nine shall be railroad equipment trust obligations, comprising bonds, notes or certificates, which when issued are secured by new standard gauge rolling stock purchased or leased by any railroad incorporated in the United States or in Canada, or by the receiver or trustee of any such railroad, or by any corporation engaged in the business of leasing or furnishing railroad rolling stock, provided, that the entire issue of such obligations:

(a) Is required to be paid, in United States dollars within the United States, within 15 years from date of issue in approximately equal annual or semiannual installments commencing not later than three years after the date of issue, and

(b) Is of an aggregate amount not exceeding 80 percent of the cost of the equipment securing such issue; but if issued originally in an amount which exceeded such 80 percent, then investment in the obligations of such issue shall nevertheless be authorized as soon as or at any time after all the unpaid obligations of such issue are reduced to or are less than 50 percent of the cost of the equipment securing such issue.

Subd. 11. **Class ten.** Class ten shall be the bonds of any corporation which at the time of such investment is incorporated under the laws of the United States or any state thereof, or the District of Columbia, and transacting the business of supplying electrical energy, or artificial gas, or natural gas purchased from another corporation and supplied in substitution for or in mixture with artificial gas, for light, heat, power and other

purposes, or transacting any or all of such business, provided that at least 75 percent of the gross operating revenues of any such corporation are derived from such business and that not more than 15 percent of the gross operating revenues are derived from any one kind of business other than supplying electricity or gas or electricity and gas, and provided further that such corporation, if operating outside of Minnesota, is subject to regulation by a public utilities commission or public utility commissioner or other similar regulatory body duly established by the laws of the United States or the states or state in which such corporation operates, subject to the following conditions:

(a) Such corporation shall have all franchises necessary to operate in the territory in which at least 75 percent of its gross income is earned, which franchises either shall be indeterminate permits or agreements with, or subject to the jurisdiction of, a public utilities commission or other duly constituted regulatory body, or shall extend at least five years beyond the maturity of such bonds, and such corporation shall file with the commissioner of commerce or make public each year a statement and a report giving the income account covering the previous fiscal year and the balance sheet showing in reasonable detail the assets and liabilities at the end of such fiscal year.

(b) The book value of the outstanding capital stock of such corporation shall at the time of such investment be equal to at least two-thirds of its total funded debt.

(c) Such corporation shall have been in existence for a period of not less than eight fiscal years and at no time within such period of eight fiscal years next preceding the date of such investment shall said corporation have failed to pay promptly and regularly the matured principal and interest of all its indebtedness direct, assumed or guaranteed, but the period of life of the corporation, together with the period of life of any predecessor corporation or corporations from which a substantial portion of its property was acquired by consolidation, merger, purchase, or as a successor corporation, shall be considered together in determining the required period.

(d) For a period of five fiscal years next preceding the date of such investment the net earnings of such corporation shall have been each year not less than twice the annual interest charges on its total funded debt applicable to that period, and for such period the gross operating revenues of any such corporation shall have averaged per year not less than $1,000,000.

(e) In determining the qualifications of any bond under this subdivision where a corporation shall have acquired its property or any substantial portion thereof within five years immediately preceding the date of such investment by consolidation, merger, purchase or as a successor corporation, the gross operating revenues, net earnings and interest charges of the predecessor or constituent corporations shall be consolidated and adjusted so as to ascertain whether the requirements of paragraph (d) have been complied with.

(f) The gross operating revenues and expenses of a corporation for the purpose of this subdivision shall be respectively the total amount earned from the operation of, and the total expense of maintaining and operating, all property owned and operated or leased and operated by such corporation, as determined by the system of accounts prescribed by the public utility commission or other similar regulatory body having jurisdiction in the matter. The gross operating revenues and expenses, as defined above, of subsidiary companies must be included, provided that all the mortgage bonds and a controlling interest in stock or stocks of such subsidiary companies are pledged as part security for the mortgage debt of the principal corporation.

(g) The net earnings of a corporation for the purpose of this subdivision shall be the balance obtained by deducting from its gross operating revenues its operating and maintenance expenses, taxes other than federal and state income taxes, rentals, depreciation and provision for renewals and retirements of the physical

assets of the corporation, and by adding to said balance its income from securities and miscellaneous sources, but not, however, to exceed 15 percent of said balance. The term "funded debt" shall be construed to mean all interest-bearing debt excepting therefrom unsecured obligations maturing within one year of date of issue.

(h) Such bonds must be part of an original issue of not less than $1,000,000 and must be mortgage bonds secured by a first or refunding mortgage secured by property owned and operated by the corporation issuing or assuming them, or must be underlying mortgage bonds secured by property owned and operated by the corporation issuing or assuming them, provided that such bonds are to be refunded by a junior mortgage providing for their retirement and provided further that the bonds under such junior mortgage comply with the requirements of this subdivision and that such underlying mortgage either is a closed mortgage or remains open solely for the issuance of additional bonds which are to be pledged under such junior mortgage. The aggregate principal amount of bonds secured by such first or refunding mortgage plus the principal amount of all the underlying outstanding bonds shall not exceed 60 percent of the value of the physical property owned as shown by the books of the corporation and subject to the lien of such mortgage or mortgages securing the total mortgage debt, provided that if a refunding mortgage, it must provide for the retirement on or before the date of their maturity of all bonds secured by prior liens on the property. No such savings bank shall loan upon or invest in bonds of such public utility companies in an amount exceeding in the aggregate ten percent of its deposits and surplus, nor exceeding five percent thereof in the bonds of any one public utility company.

Subd. 12. **Class eleven.** Class eleven shall be the bonds of any corporation which at the time of such investment is incorporated under the laws of the United States or any state thereof, or the District of Columbia, and authorized to engage, and engaging, in the business of furnishing telephone service in the United States, provided that such corporation is subject to regulation by a public utility commission or similar federal or state regulatory body duly established by the laws of the United States or the states or state in which such corporation operates, subject to the following conditions:

(a) Such corporation shall have been in existence for a period of not less than eight fiscal years and at no time within such period of eight fiscal years next preceding the date of such investment shall said corporation have failed to pay promptly and regularly the matured principal and interest of all its indebtedness direct, assumed or guaranteed, but the period of life of the corporation, together with the period of life of any predecessor corporation or corporations from which a substantial portion of its property was acquired by consolidation, merger, purchase or as a successor corporation, shall be considered together in determining the required period; and such corporation shall file with the commissioner of commerce or make public in each year a statement and a report giving the income account covering the previous fiscal year and the balance sheet showing in reasonable detail the assets and liabilities at the end of such fiscal year.

(b) The book value of the outstanding capital stock of such corporation shall at the time of such investment be equal to at least two-thirds of its total funded debt.

(c) For a period of five fiscal years next preceding the date of such investment the net earnings of such corporation shall have been each year not less than twice the annual interest charges on its total funded debt applicable to that period, and for such period, the gross operating revenues of any such corporation shall have averaged per year not less than $5,000,000.

(d) In determining the qualifications of any bond under this subdivision where a corporation shall have acquired its property or any substantial portion thereof within five years immediately preceding the date of such investment by consolidation, merger, purchase or as a successor corporation, the gross operating

revenues, net earnings and interest charges of the predecessor or constituent corporations shall be consolidated and adjusted so as to ascertain whether the requirements of paragraph (c) have been complied with.

(e) The gross operating revenues and expenses of a corporation for the purpose of this subdivision shall be respectively the total amount earned from the operation of, and the total expense of maintaining and operating, all property owned and operated or leased and operated by such corporation, as determined by the system of accounts prescribed by the public utility commission or similar federal or state regulatory body having jurisdiction in the matter.

(f) The net earnings of a corporation for the purpose of this subdivision shall be the balance obtained by deducting from its gross operating revenues its operating and maintenance expenses, taxes, other than federal and state income taxes, rentals, depreciation and provision, for renewals and retirements of the physical assets of the corporation, and by adding to said balance its income from securities and miscellaneous sources, but not, however, to exceed 15 percent of said balance. The term "funded debt" shall be construed to mean all interest-bearing debt excepting therefrom unsecured obligations maturing within one year of date of issue.

(g) Such bonds must be a part of an original issue or of a subsequent series of bonds of the aggregate amount of not less than $5,000,000, both the original issue and the subsequent series being protected by the same mortgage provisions, and must be secured by a first or refunding mortgage, and the aggregate principal amount of bonds secured by such first or refunding mortgage plus the principal amount of all the underlying outstanding bonds shall not exceed 60 percent of the value of the property, real and personal, owned absolutely as shown by the books of the corporation and subject to the lien of such mortgage, provided that if a refunding mortgage, it must provide for the retirement of all bonds secured by prior liens on the property. Not more than 33-1/3 percent of the property constituting the specific security for such bonds may consist of stock or unsecured obligations of affiliated or other telephone companies, or both. No such savings banks shall loan upon or invest in bonds of such telephone companies in an amount exceeding in the aggregate ten percent of its deposits and surplus, nor exceeding five percent thereof in the bonds of any one telephone company.

Subd. 13. **Class twelve.** Class twelve shall be:

(a) 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, 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;

(b) certificates of deposits of 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 such certificates of deposit are fully insured;

(c) loans secured by its own passbooks or other evidences of indebtedness;

(d) shares, accounts, or certificates of any savings association, however organized, the accounts of which are insured in whole or in part by the federal savings and loan insurance corporation, to the extent that such shares, accounts, or certificates are fully insured.

Subd. 14. **Trust or estate assets.** (a) The district court, upon petition of a trustee under a will or other instrument may, if the trust does not otherwise provide, authorize the trustee to invest the income or principal of the trust fund in policies of life or endowment insurance or annuity contracts issued by a life insurance company duly authorized to transact business in the state, on the life of any beneficiary of the trust or on the life of any person in whose life such beneficiary has an insurable interest.

(b) The district court, upon the application of a guardian, may authorize the guardian to invest income or principal of the estate of the ward in policies of life or endowment insurance or annuity contracts, issued by a life insurance company duly authorized to transact business in the state, on the life of the ward or on the life of a person in whose life the ward has an insurable interest.

Subd. 15. **Class thirteen.** Class thirteen shall be obligations payable in United States dollars issued or fully guaranteed by International Bank for Reconstruction and Development.

Subd. 16. **Class fourteen.** Class fourteen shall be obligations payable in United States dollars issued or fully guaranteed by the Asian Development Bank.

Subd. 17. **Class fifteen.** Class fifteen shall be obligations payable in United States dollars issued or fully guaranteed by the Inter-American Development Bank.

Subd. 18. **Class sixteen.** Class sixteen shall be obligations payable in United States dollars issued or fully guaranteed by the African Development Bank.

History: *(7714) RL s 3022; 1907 c 468 s 7,8; 1913 c 124 s 1; 1913 c 506 s 1; 1917 c 88 s 1; 1919 c 181 s 1; 1923 c 421 s 1; 1927 c 368 s 1; 1927 c 422 s 1; 1931 c 296 s 1; 1933 c 256 s 1,2; 1933 c 307 s 1; 1933 c 368 s 1; Ex1933 c 50 s 1; 1939 c 105 s 1; 1939 c 141 s 1; 1939 c 409 s 1; 1941 c 380 s 1-3; 1943 c 197 s 1; 1943 c 635 s 6; 1945 c 140 s 1; 1951 c 344 s 1; 1953 c 261 s 1; 1953 c 496 s 1; 1957 c 601 s 22; 1959 c 88 s 15; 1959 c 601 s 1; 1961 c 298 s 5,6; 1963 c 153 s 10; 1965 c 46 s 2; 1965 c 315 s 1; 1969 c 51 s 1; 1973 c 123 art 5 s 7; 1973 c 426 s 1; 1973 c 497 s 2; 1974 c 27 s 1; 1974 c 64 s 1-3; 1976 c 2 s 33; 1977 c 5 s 1; 1978 c 674 s 11; 1980 c 524 s 1; 1980 c 551 s 1; 1980 c 599 s 2; 1980 c 614 s 123; 1980 c 618 s 12; 1Sp1981 c 4 art 2 s 6; 1983 c 289 s 114 subd 1; 1984 c 382 s 2; 1984 c 655 art 1 s 92; 1986 c 444; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1990 c 480 art 9 s 2; 1995 c 171 s 41-44; 1995 c 189 s 8; 1995 c 202 art 1 s 25; 1996 c 277 s 1; 2003 c 2 art 4 s 1*

50.145 AUTHORIZED INVESTMENTS; GENERAL AUTHORITY.

Any savings bank subject to the supervision of the commissioner of commerce of the state of Minnesota shall in addition to other investments authorized by law have the power to purchase and hold as investments such bonds and securities as are legal investments for state banks and trust companies in Minnesota, but subject however to any limitation in such power that may be imposed by the commissioner of commerce, and the total amount of the investments made by any bank pursuant to this section and held at any one time shall not exceed 20 percent of the deposit liability of such bank, and not to exceed three-fourths of one percent of the deposit liability of such bank may be invested pursuant hereto in the securities or obligations of any one obligor.

History: *1947 c 78 s 1; 1959 c 88 s 16; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1995 c 171 s 45*

50.146 AUTHORIZED INVESTMENTS; CORPORATIONS.

Subdivision 1. **General authority.** In addition to other investments authorized by law, a savings bank may invest in the following:

(a) The preferred stocks of any corporation organized under the laws of the United States or of any state, except banks, bank holding companies and trust companies, provided the net earnings of such corporation available for its fixed charges for five fiscal years next preceding the date of investment shall have averaged per year not less than 1-1/2 times the sum of its annual fixed interest charges, if any, its annual maximum contingent interest, if any, and its annual preferred dividend requirements; and during either of the last two

years of such period, such net earnings shall have been not less than 1-1/2 times the sum of its fixed interest charges, if any, contingent interest, if any, and preferred dividend requirements for such year.

(b) The common stocks of any corporation organized under the laws of the United States or of any state, except banks, bank holding companies and trust companies, provided such stocks are registered on a national securities exchange, and such corporation shall have earned and paid cash dividends on its common stocks in each year for a period of ten fiscal years next preceding the date of investment.

(c) The stocks and bonds, notes, debentures or any other obligation of any corporation organized under the laws of the United States or of any state, except the stock of banks, bank holding companies and trust companies located in the Ninth Federal Reserve District, provided such investment shall be made with such prudence, discretion, and intelligence as will protect the safety of the principal of such investment as well as the income to be derived therefrom.

Subd. 2. **General limitations.** No investment shall be made by a savings bank pursuant to subdivision 1 in any corporation if the total amounts so invested by it exceeds an amount equal to 15 percent of its assets, or if the total investment in any one corporation exceeds (1) in amount, one-half of one percent of the assets of the savings bank, or (2) in number of shares, one percent of the total issued and outstanding shares of stock of such corporation, or if the total investment pursuant to the provisions of paragraph (c) of subdivision 1 exceeds an amount equal to three percent of the assets of the savings bank, nor shall any investment be made in any corporation with assets of less than ten million dollars.

Subd. 3. **Specific limitation; domestic savings banks.** Investments made pursuant to subdivision 1 shall be limited to savings banks organized under the laws of this state.

History: *1959 c 120 s 1-3; 1965 c 46 s 1; 1969 c 51 s 2,3; 1995 c 171 s 46*

50.1465 AUTHORIZED INVESTMENTS; SERVICE CORPORATIONS.

Subdivision 1. **Generally.** In addition to other investments authorized by law, a savings bank may invest in the capital stock, obligations, or other securities of any corporation organized under the laws of this state if all or a majority of the capital stock of the corporation is owned by the savings bank, and if substantially all of the activity of the corporation consists of:

(1) activities in which the savings bank could engage directly;

(2) activities in which a state bank or national bank, or a subsidiary of a state bank or national bank, is authorized to engage as of August 1, 1995; and

(3) activities in which any state bank or national bank becomes authorized to engage after August 1, 1995, which are authorized by the commissioner.

Subd. 2. **Restriction.** No savings bank may make any investment under subdivision 1 in a subsidiary that engages primarily in activities in which the savings bank could not engage directly if its aggregate outstanding investment under this section in all subsidiaries that engage in activities in which the savings bank could not engage directly exceeds 25 percent of the capital stock and surplus of the savings bank.

History: *1979 c 321 s 2; 1995 c 171 s 47*

50.147 AUTHORIZED INVESTMENTS; STUDENT LOANS.

In addition to other investments authorized by law, a savings bank organized under the laws of this state may make student loans. Such loans may be secured or unsecured, and the lender may require a comaker

or guaranty under a governmental student loan guarantee plan, or both. The borrower shall certify to the lender that the proceeds of the loan are to be used by a student solely for the payment of expenses of college, university or vocational education.

History: *1969 c 658 s 1*

50.148 AUTHORIZED INVESTMENTS; MANUFACTURED HOME LOANS.

In addition to other investments authorized by law, a savings bank organized and operated pursuant to this chapter, may make loans upon the security of manufactured homes, and any equipment installed or to be installed therein, in an amount not exceeding $30,000 repayable in installments, and the installment payments shall not exceed 15 years and 32 days from the date of the loan, notwithstanding that such loan is required to be repaid in installments or that the loan is secured by mortgage, pledge, or other collateral. Section 50.1485, subdivision 2, applies to all manufactured home loans made pursuant to the authority granted by this section. The authority granted by this section shall not extend to loans which finance the acquisition of inventory by a manufactured home dealer. A savings bank may purchase or invest in notes, bonds and retail installment sales contracts secured by or constituting first liens upon manufactured homes.

History: *1973 c 426 s 2; 1977 c 5 s 2; 1981 c 365 s 9; 1995 c 171 s 48*

50.1485 LENDING AUTHORITY.

Subdivision 1. **Generally.** In addition to other investments authorized by law, a savings bank may make, purchase, or invest in:

(a) loans secured by the pledge of policies of life insurance, the assignment of which is properly acknowledged by the insurer;

(b) consumer loans, which may be unsecured or secured by personal or real property. Consumer loans include, but are not limited to, closed-end installment loans, single payment loans, nonamortizing loans, open-end revolving line of credit loans, credit card loans and extensions of credit, and overdraft protection loans. For the purpose of this paragraph, "consumer loan" means a loan made by the savings bank in which: (1) the debtor is a person other than an organization; (2) the debt is incurred primarily for personal, family, or household purpose; and (3) the debt is payable in installments or a finance charge is made;

(c) secured and unsecured loans to organizations and natural persons for business or commercial purposes. For the purpose of this paragraph, "organization" means a corporation, government or governmental subdivision, or agency, trust, estate, partnership, limited liability partnership, limited liability company, joint venture, cooperative, or association. "Business or commercial purpose" means a purpose other than personal, family, household, or agricultural purpose;

(d) secured and unsecured loans for agricultural purposes. For the purpose of this paragraph, "agricultural purpose" means a purpose relating to the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products. "Agricultural products" includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, and forest products, and products raised or produced on farms, including processed or manufactured products;

(e) credit sale contracts, which means a sale of goods, services, or an interest in land in which credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind, and the debt is payable in installments or a finance charge is made;

(f) loans on the security of deposit accounts;

(g) real estate loans, subject to the conditions applicable to savings associations under section 51A.38 and Minnesota Statutes 1994, section 51A.385. "Real estate loans" which include a loan or other obligation secured by a first lien on real estate in fee or in a leasehold extending or renewable automatically for a period of at least ten years beyond the date scheduled for the final principal payment of the loan or obligation, or a transaction out of which a first lien or claim is created against the real estate, including the purchase of the real estate in fee by a savings bank and the concurrent or immediate sale of it on installment contract;

(h) secured or unsecured loans for the purpose of repair, improvement, rehabilitation, or furnishing of real estate;

(i) loans for the purpose of financing or refinancing an ownership interest in certificates of stock, certificates of beneficial interest, or other evidence of an ownership interest in, or a proprietary lease from, a corporation, limited liability company, trust, limited liability partnership, or partnership formed for the purpose of the cooperative ownership of real estate, secured by the assignment or transfer of certificates or other evidence of ownership of the borrower;

(j) loans guaranteed or insured, in whole or in part, by the United States or any of its instrumentalities;

(k) issuance of letters of credit or other similar arrangements; and

(l) any other type of loan authorized by rules adopted by the commissioner.

Subd. 2. **Loans and extensions of credit.** (a) A savings bank may extend credit and make loans under section 47.59 on the same terms and subject to the same conditions as apply to other lenders under that chapter. A person may enter into a credit sale or service contract for sale to a savings bank, and a savings bank may purchase and enforce the contract, under the terms and conditions set forth in section 47.59, subdivisions 1 and 4 to 14.

(b) A savings bank may make or purchase extensions of credit authorized by sections 47.20, subdivision 1, 3, or 4a; 47.204; 47.21; 47.60; 48.153 to 48.155; 48.185; 48.195; 53C.01 to 53C.14; 59A.15; 334.01; 334.011; 334.012, and any other applicable law. The extensions of credit or purchases of extensions of credit may, but need not, be made under those sections in lieu of the authority set forth in this subdivision, and if so, are subject to those sections, and not this subdivision. A savings bank may also charge an organization any rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit the savings bank elects to make under section 334.01, subdivision 2, 334.011, or 334.012, chapter 334 does not apply to extensions of credit made pursuant to this section or the sections mentioned in this subdivision.

Subd. 3. **Limit on total liabilities.** The total liabilities to a savings bank, as principal, guarantor, or endorser of an individual, including the liabilities of a corporation which the individual owns or controls a majority interest in, a partnership, limited liability partnership, limited liability company, or unincorporated association, and in case of a corporation, of all subsidiaries of it in which the corporation owns or controls a majority interest, shall never exceed the limit provided for state banks under section 48.24.

Subd. 4. **Real estate loans.** In the case of any investment made by a savings bank in a loan secured by a mortgage on real property, including a real estate loan, in the event the ownership of the real estate security or any part of it becomes vested in a person other than the party or parties originally executing the security instruments, and provided there is not an agreement in writing to the contrary, a savings bank may, without notice to the other party or parties, deal with the successor or successors in interest with reference to the mortgage and the debt secured in the same manner as with the party or parties, and may forbear to sue or

may extend time for payment of or otherwise modify the terms of the debt secured, without discharging or in any way affecting the original liability of the party or parties upon the debt secured.

Subd. 5. **Leases of personal property.** A savings bank may acquire and lease or participate in the acquisition and leasing of personal property to customers, and may incur additional obligations incidental to becoming an owner and lessor of the property to the same extent, and subject to the same conditions, as state banks under section 48.152.

History: *1995 c 171 s 49,69; 1996 c 414 art 1 s 19; 1997 c 157 s 67; 1998 c 260 s 1; 2005 c 19 s 1*

50.15 [Repealed, 1995 c 171 s 70]

50.153 [Repealed, 1969 c 51 s 4]

50.155 PURCHASE OF CERTAIN MORTGAGE LOANS.

Savings banks that are subject to the supervision of the commissioner of commerce are authorized to make or purchase loans secured by real estate mortgage the payment of which is guaranteed in whole or in part by the United States or any instrumentality thereof under the Servicemen's Readjustment Act of 1944 and amendments thereof provided that the unguaranteed portion of such loan does not exceed 70 percent of the appraised value of the security.

History: *1945 c 236 s 1; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1995 c 171 s 50*

50.157 [Repealed, 1982 c 473 s 30]

50.16 [Repealed, 1995 c 171 s 70]

50.161 [Repealed, 1976 c 196 s 8]

50.162 [Repealed, 1976 c 196 s 8]

50.163 [Repealed, 1976 c 196 s 8]

50.164 [Repealed, 1976 c 196 s 8]

50.165 [Repealed, 1976 c 196 s 8]

50.17 DEPOSIT ACCOUNTS.

Subdivision 1. **Generally.** A deposit account with a savings bank is subject to a lien for the payment of charges that may accrue on the account under this chapter. A deposit account is subject to a debt offset for the debts of the deposit account holder to the savings bank. Deposit accounts may not be assessed for any debts or losses of the savings bank.

Subd. 2. **Interest.** The savings bank shall determine the rate and amount of interest, if any, to be paid on or credited to deposit accounts. The savings bank may establish reasonable classifications of accounts based on the types of accounts, the length of time accounts are continued in effect, the size of initial deposits into accounts, the minimum balances of accounts required for payment of interest, the frequency and extent of the activity on accounts, or location of the account, or on other classifications the savings bank considers appropriate.

Subd. 3. **Ownership.** Deposit accounts must be represented only by the account of each deposit account holder on the books of the savings bank, and the accounts or any interest is transferable only on the books of the savings bank and upon proper written application by the transferee. The savings bank may treat the

holder of record of a deposit account as the owner of it for all purposes without being affected by any notice to the contrary unless the savings bank has acknowledged in writing notice of a pledge of the deposit account. A savings bank may also offer negotiable time deposits.

Subd. 4. **Minors.** A savings bank may issue deposit accounts to or in the name of a minor, which 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 interest or dividends, shall be paid to the minor. The minor's receipt, draft, negotiable order of withdrawal, or acquittance in any form, is sufficient release and discharge of the savings bank for withdrawal, until a guardian appointed in this state for the minor has delivered a certificate of appointment to the savings bank.

Subd. 5. **School or institution thrift savings plan.** A savings bank may contract with the proper authorities of any public or nonpublic elementary or secondary school or institution of higher learning, or any public or charitable institution caring for minors, for the participation and implementation by the savings bank in any school or institution thrift or savings plan, and it may accept savings accounts at the school or institution, either by its own collector or by any representative of the school or institution which becomes the agent of the association for this purpose.

Subd. 6. **P.O.D. deposits.** When a deposit is made in the names of two or more persons jointly, or by a person payable on death (P.O.D.) to another, or by a person in trust for another, the rights of the parties and the savings bank are determined by sections 524.6-201 to 524.6-214.

Subd. 7. **Joint tenancy.** The pledge or hypothecation to a savings bank of all or part of a deposit account in joint tenancy signed by a tenant or tenants whether minor or adult, upon whose signature or signatures withdrawals may be made from the account must, unless the terms of the deposit account provide specifically to the contrary, be a valid pledge and transfer to the savings bank of that part of the account pledged or hypothecated, and must not operate to sever or terminate the joint and survivorship ownership of all or any part of the account.

Subd. 8. **Fiduciary deposits.** A savings bank may accept deposits in the name of any administrator, executor, custodian, conservator, guardian, trustee, or other fiduciary for a named beneficiary or beneficiaries. The fiduciary may open, make additions to, and withdraw the account in whole or in part. The withdrawal value of the account, and interest, or other rights relating to it may be paid or delivered, in whole or in part, to the fiduciary without regard to any notice to the contrary as long as the fiduciary is living. The payment or delivery to the fiduciary or a receipt or acquittance signed by the fiduciary to whom the payment or any delivery of rights is made is a valid and sufficient release and discharge of a savings bank for the payment or delivery so made. Whenever a person holding an account in a fiduciary capacity dies and no written notice of the revocation or termination of the fiduciary relationship has been given to a savings bank and the savings bank has no written notice of any other disposition of the beneficial estate, the withdrawal value of the account, and interest or dividends, or other rights relating to it may, at the option of a savings bank, be paid or delivered, in whole or in part, to the beneficiary or beneficiaries. The payment or delivery to the beneficiary, beneficiaries, or designated person, or a receipt or acquittance signed by the beneficiary, beneficiaries, or designated person, for the payment or delivery is a valid and sufficient release and discharge of a savings bank for the payment or delivery. This section does not apply to P.O.D. accounts under sections 524.6-201 to 524.6-214.

Subd. 9. **Payments to guardian.** When a deposit account is held in a savings bank by a person who becomes incompetent and an adjudication of incompetency has been made by a court of competent jurisdiction, the savings bank may pay or deliver the withdrawal value of the deposit account and any earnings that may have accrued on it to the guardian for the person upon proof of appointment and qualification. If the savings

bank has received no written notice and is not on actual notice that the deposit account holder has been adjudicated incompetent, it may pay or deliver the funds to the holder in accordance with the provisions of the deposit account contract, and the receipt or acquittance of the holder is a valid and sufficient release and discharge of the savings bank for the payment or delivery so made.

Subd. 10. **Investment by certain entities.** Administrators, executors, custodians, conservators, guardians, trustees, and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, trust companies, credit unions, and other types of similar financial organizations, charitable, educational, eleemosynary, and public corporations authorized by law, funds, and organizations, are specifically authorized and empowered to invest funds held by them, without any order of any court, in deposit accounts of a savings bank, and the investments are considered legal investments for the funds.

Subd. 11. **Service charges.** A savings bank may contract with depositors for service charges in connection with the opening and maintaining of deposit accounts and for providing services ancillary to the opening and maintaining of deposit accounts. The service charges are a matter of contract between the savings bank and the depositor, and the contract will be fully enforceable in accordance with its stated terms.

History: *(7717) RL s 3025; 1907 c 468 s 9; 1951 c 411 s 1; 1953 c 82 s 1; 1957 c 601 s 23; 1986 c 444; 1995 c 171 s 51*

50.171 TREASURY TAX AND LOAN ACCOUNTS OF THE UNITED STATES.

A savings bank shall have the power and authority to accept and maintain treasury tax and loan accounts of the United States and to pledge collateral to secure the treasury tax or loan accounts, in accordance with the regulations of the Department of the Treasury of the United States.

History: *1978 c 747 s 1*

50.175 NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNT.

Subdivision 1. **Authorization.** Any savings bank organized and operating pursuant to this chapter, may establish negotiable order of withdrawal accounts on which it may or may not pay interest or dividends. Withdrawals from the accounts are subject to the right of the savings bank to require the depositor or account holder to give notice of an intended withdrawal not less than 14 days before the withdrawal is made, even though in practice the notice is not regularly required and the depositor or account holder is allowed to make withdrawals by negotiable or transferable instruments for the purpose of making payments to third persons or otherwise.

Subd. 2. **Reserves.** A savings bank shall maintain reserves in the form of liquid assets at a level reasonably necessary to meet anticipated withdrawals, commitments, and loan demand. Reserves shall be in cash, cash items in process of collection, short term obligations of or demand balances with other insured financial institutions in the United States and its territories, or short term, direct obligations of or guaranteed by the United States government. Obligations must mature within one year to be considered short term. The commissioner may prescribe the required amount of reserves in relation to liabilities for any individual savings bank from time to time based upon examination findings or other reports relating to the savings bank that are available to the commissioner. Reserves for an individual savings bank as prescribed by the commissioner pursuant to this section shall be enforced in accordance with sections 46.24 and 46.30 to 46.33.

History: *1977 c 104 s 1; 1981 c 182 s 3; 1982 c 424 s 130; 1995 c 171 s 52; 1997 c 187 art 3 s 9*

50.18 METHOD OF DETERMINING SURPLUS.

In determining the percent of surplus held by any such bank, its interest paying stock, notes, and bonds shall be estimated at their market value; notes and bonds having not more than six months' unpaid interest at their face, and real estate not above cost. As to stocks, bonds, and notes having more than six months accrued and unpaid interest, and all other investments not herein enumerated, their value shall be determined by the commissioner of commerce, who may change their valuation from time to time.

History: *(7718) RL s 3026; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92*

50.19 REPORTS TO THE COMMISSIONER.

Each savings bank shall submit the reports required of state banks pursuant to section 48.48 and such other information as the commissioner of commerce may require.

History: *(7719) RL s 3027; 1907 c 468 s 10; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1995 c 171 s 53*

50.20 REPORT TO SHOW LIABILITIES.

This report shall also state all its liabilities on the morning of January first, and show:

(1) the amount due the depositors, including any dividend to be credited to them for the half year ending on that day; and

(2) all other debts or claims against it which are or may be a charge upon its assets.

It shall also state the amount deposited during the previous year and the amounts withdrawn during the same period; the whole amount of interest or profits received or earned and the amount of dividends or interest credited to depositors; the number of accounts opened or reopened; the number of accounts closed during the year; and the number of open accounts at the end of the year; and such other information as may be required by the commissioner of commerce.

History: *(7720) RL s 3028; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92*

50.21 [Repealed, 1995 c 171 s 70]

50.212 SAVINGS BANK REGULATION.

Subdivision 1. **Commerce Department to control.** The commissioner of commerce shall have charge of the execution of all laws relating to the savings banks chartered under the laws of Minnesota and relating to the business of those savings banks.

Subd. 2. **Commissioner supervision.** The commissioner shall supervise the books, records, and affairs of all savings banks doing business in the state as provided in section 46.04.

Subd. 3. **Official communications referred to directors.** Each official communication from the commissioner to a savings bank relating to any examination conducted by the commissioner or containing suggestions and recommendations as to the conduct of business of the savings bank, shall be submitted by the officer receiving it to the board of directors at the next meeting of the board and noted in the meeting minutes.

History: *1995 c 171 s 55*

50.22 [Repealed, 1995 c 171 s 70]

50.23 [Repealed, 1997 c 157 s 72]

50.24 EXISTING BANKS CONFORMED; EXCEPTIONS.

The powers, privileges, and duties conferred and imposed on any savings corporation heretofore organized by its charter or act of incorporation, are hereby abridged, enlarged, or modified, as each case may require, so that each such charter or act shall be conformed to the provisions hereof; and every such savings corporation shall possess the powers and privileges, and be subject to the duties, liabilities, and restrictions herein prescribed; but investments heretofore lawfully made shall be unaffected by this section, if the same be conformed to the provisions of this chapter as rapidly as may be, in the ordinary course of business, without loss or embarrassment to the bank and its patrons; provided, that savings banks organized and existing prior to the passage of Laws 1879, chapter 109, may continue under the laws then in force applicable thereto and amendatory thereof until they reorganize hereunder, unaffected by any provision in Revised Laws 1905, repealing the same, expressly or by implication.

History: *(7724) RL s 3032*

50.245 BRANCHES; ACQUISITIONS.

Subdivision 1. **Authority for branch offices.** A savings bank may establish any number of detached facilities as may be approved by the commissioner of commerce pursuant to sections 47.51 to 47.57. The savings bank shall not change the location of a detached facility without prior written approval of the commissioner of commerce. A savings bank may establish a loan production office, without restriction as to geographical location, upon written notice to the commissioner of commerce.

Subd. 2. **Authority for branch offices in other states.** The authorization contained in subdivision 1 is in addition to the authority granted savings banks in section 47.52. A savings bank chartered in this state, whether or not the subsidiary of a savings bank holding company, has the same authority as a bank to conduct interstate mergers affecting interstate branching under section 49.411. The merger may be between banks and with other banks or savings banks.

Subd. 3. **Interstate acquisitions.** A savings bank chartered in this state and a savings bank holding company with its principal offices in this state may acquire control of a financial institution chartered in any other state or a financial institution holding company with principal offices in any other state. A savings bank chartered in any other state and a savings bank holding company with principal offices in any other state may acquire control of a savings bank chartered in this state or a savings bank holding company with principal offices in this state.

Subd. 4. **Procedural requirements.** Procedural requirements contained in sections 48.90 to 48.99 apply to interstate acquisitions by savings banks and savings bank holding companies.

Subd. 5. **Definitions.** For the purpose of this section, the terms defined in this subdivision have the meanings given them.

(a) "Financial institution" means a bank, savings bank, savings association, or trust company, whether chartered under the laws of this state, another state or territory, or under the laws of the United States.

(b) "Loan production office" means a place of business at which a savings bank provides lending if the loans are approved at the main office or detached facility of the savings bank, but at which a savings bank may not accept deposits except through a remote service unit.

(c) "Remote service unit" means an electronic financial terminal as defined in section 47.61.

Subd. 6. [Repealed by amendment, 1997 c 157 s 34]

History: *1980 c 514 s 1; 1995 c 171 s 58; 1996 c 414 art 1 s 20; art 3 s 8; 1997 c 157 s 34*

50.25 BANKS ORGANIZED UNDER THE LAWS OF MINNESOTA; CAPITAL STOCK; AMENDMENT OF ARTICLES.

A corporation which was incorporated and organized under the laws of Minnesota for the purpose of doing a savings bank business, may have capital stock of $100 per share, par value; provided, the minimum required capital shall not be less than $500,000. The capital funds of a proposed savings bank shall be in such greater amount which the commissioner considers necessary, having in mind the deposit potential for such a proposed bank and current industry standards of capital adequacy.

History: *(7725) 1911 c 332 s 1; 1982 c 473 s 15; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1995 c 171 s 59*

50.28 DECLARATORY JUDGMENTS.

At any time after a controversy has arisen between the commissioner of commerce and a savings bank with respect to a question of law or rule or with respect to a question involving immeasurable or irreparable damage to the savings bank, and before an administrative or judicial hearing, the savings bank or the commissioner may apply to a court of competent jurisdiction in the county in which the home office of the savings bank is located for a declaratory judgment as to the question.

History: *1995 c 171 s 60*