CHAPTER 48

BANKS

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48.01 DEFINITIONS.

Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly indicates that a different meaning is intended, the term defined in subdivision 2, for the purposes of sections 48.56 to 48.59, 48A.07, and 48A.08, has that meaning; and the term defined in subdivision 3, for the purposes of this chapter, has that meaning.

Subd. 2. **Banking institution.** The term "banking institution" means any bank, trust company, bank and trust company, or savings bank which is now or may hereafter be organized under the laws of this state. For purposes of sections 48A.07, 48A.08, and 501C.0901, subdivision 10, and to the extent permitted by federal law, "banking institution" includes any national banking association or affiliate exercising trust powers in this state.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce of the state of Minnesota.

History: *(7658-6) 1935 c 319 s 1; 1982 c 473 s 9; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1992 c 473 s 1,2; 1995 c 171 s 29; 1997 c 157 s 20; 1998 c 331 s 2,3; 2015 c 5 art 15 s 1*

ORGANIZATIONAL REGULATION

48.02 CAPITAL AND SURPLUS; PREPAYMENT OF CAPITAL.

(a) The capital and surplus of every state bank hereafter organized shall be at least $250,000. The capital stock of a state bank must be divided into shares of not less than $1. 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 or other chief financial officer, 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.

(b) The directors of a state bank may issue shares of its unissued, authorized capital stock and may fix the amount of money or the actual value of the consideration for which the stock is issued.

History: *(7659) RL s 2983; 1965 c 171 s 5; 1977 c 272 s 7; 1992 c 587 art 1 s 14; 2005 c 69 art 1 s 7*

48.03 SHARES.

Subdivision 1. **Shareholder list.** The president and cashier of any bank of discount and deposit shall at all times keep an accurate verified list of all its shareholders, with the amount of shares held by each, the dates of all transfers and names of transferees.

Subd. 2. **Shareholder liability.** Except as provided in section 302A.425, no shareholder in any bank of discount and deposit or in any banking or trust corporation or association shall be personally liable for debts of such bank, corporation or association.

Subd. 3. [Repealed, 2001 c 56 s 12]

Subd. 3a. **Effect of transfer; share books.** The transfer of shares is not binding upon the company until it is regularly entered on the books of the company to show the names of the persons by and to whom transferred, the number or other designation of the shares, and the date of the transfer. The books of the company must be kept to show intelligibly the original shareholders, their respective interests, the amount which has been paid in on their shares, and all transfers of the shares.

Subd. 4. [Repealed, 1992 c 587 art 1 s 31]

Subd. 4a. **Record of shares.** The directors must cause accurate and complete records to be kept of all corporate proceedings and of all shares subscribed, transferred, canceled, or retired and proper books, accounts, files, and records of all other business transacted.

Subd. 5. [Repealed, 1992 c 587 art 1 s 31]

History: *(7669) RL s 2985; 1907 c 137 s 1; 1955 c 14 s 1,2; 1957 c 601 s 5; 1965 c 171 s 6; 1967 c 102 s 4; 1976 c 181 s 2; 1984 c 576 s 8; 2001 c 56 s 3,4; 2005 c 69 art 1 s 8*

48.032 PREEMPTIVE RIGHTS.

(a) Unless otherwise denied or limited in the certificate of incorporation or by the board pursuant to section 302A.401, subdivision 2, paragraph (b), a shareholder of a banking institution has the preemptive rights provided in section 302A.413.

(b) If preemptive rights are denied or limited pursuant to paragraph (a) after a shareholder has acquired shares, the shareholder has the rights of a dissenting shareholder under paragraph (c).

(c) A shareholder may dissent from and obtain payment for the value of the shareholder's shares in the event that preemptive rights are denied or limited pursuant to paragraph (a) by objecting to the action and demanding payment for the shareholder's shares at a meeting of the shareholders held on the action or within 20 days after the meeting. If the denial or limitation of preemptive rights takes effect at any time after this demand, the shareholder may, at any time within 60 days after the demand, apply to the district court in the county of the banking institution's principal place of business for the appointment of three persons to appraise the value of that person's shares. The court shall appoint the appraisers and designate the time and the place of their first meeting, give directions with regard to their proceedings the court considers proper, and direct the time and manner in which payment must be made of the value of that person's shares to the shareholder. The appraisers shall meet at the time and place designated, after being duly sworn to discharge their duties honestly and faithfully, make and certify a written estimate of the value of the stock at the time of the appraisal, and deliver one copy to the banking institution and another to the shareholder. The shareholder and the banking institution shall each pay one-half of the charges and expenses of the appraisers.

History: *2005 c 69 art 1 s 9*

48.033 STATE BANKS, LIABILITY OF SHAREHOLDERS.

Notwithstanding sections 48.03 and 49.24, any shareholder of a state bank whose deposits are not insured by the Federal Deposit Insurance Corporation, shall be personally liable for the debts of said bank to the extent of the par value of the shares held by the shareholder.

History: *1955 c 335 s 1; 2005 c 69 art 3 s 1*

48.04 INCREASE AND REDUCTION OF CAPITAL.

No increase or reduction of the capital of any banking institution shall be valid until the entire new capital has been paid in cash, and certified to the commissioner under oath of the president, vice-president, or cashier. The commissioner shall thereupon issue a certificate of that fact and of approval thereof. No reduction of the surplus of any banking institution shall be valid until such reduction has been approved by the commissioner of commerce. No reduction shall affect the liability of any shareholder for any indebtedness incurred prior thereto.

For purposes of this section, directors have the authority granted under section 48.02, paragraph (b).

History: *(7691) RL s 3003; 1957 c 601 s 6; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1993 c 257 s 14; 2005 c 69 art 1 s 10*

48.05 CAPITAL NOT TO BE WITHDRAWN; DIVIDENDS.

No portion of the capital or surplus of any banking institution shall ever be withdrawn by any person or in any way, either in dividends or otherwise, except upon reduction as provided by law. No dividend on common stock shall be made except as provided in section 48.09.

History: *(7681) RL s 2997; 1957 c 601 s 7; 1993 c 257 s 15*

48.055 ISSUANCE OF PREFERRED STOCK, CONDITIONS.

Subdivision 1. **Authorization.** Any state bank may issue preferred stock of one or more classes, with or without voting rights, with the approval of the commissioner of commerce and without change of its certificate of incorporation, when its board of directors is so authorized by a majority vote of its stockholders, at a general or special meeting thereof called for such purpose. Provided, however, that in no event shall the amount of preferred stock exceed 50 percent of the total common stock and surplus of such issuing bank.

Subd. 2. **Limits on issuance.** Such preferred stock may be issued to any person, firm, or corporation, and the holders thereof shall have such rights as are set forth under the terms of issue of such preferred stock. No issue of preferred stock shall be valid until the capital stock shall have been fully paid in, and no dividend shall be paid on the common stock of a bank until all terms of the issue of such preferred stock shall have been satisfied.

Subd. 3. **Terms of issue.** The terms of issue of such preferred stock shall set its rank or priority as between other stock issue, provided that such preferred stock shall be subordinated to all claims of depositors or other creditors in case of the insolvency of the issuing bank. Such preferred stock shall in no case be subject to any assessment, nor shall otherwise be liable for the obligations of the issuing bank. Before any such preferred stock is retired or paid by the issuing bank, it must first obtain the approval of the commissioner of commerce.

Subd. 4. **Surplus fund requirement.** At the end of each dividend period, after deducting all necessary expenses, losses, amounts receivable more than one year overdue and not well secured, interest, and taxes

due or levied, all of the remaining net profits for the period shall be set aside as a surplus fund, if the surplus fund of such bank is not then equal to one-fifth of the capital stock. If the surplus fund is more than one-fifth of the capital stock, ten percent of the remaining net profits for the period shall be set aside as a surplus fund until it equals 50 percent of the total capital stock. After these provisions are complied with, the bank may, without prior approval of the commissioner, pay dividends as provided under the terms of issue of such preferred stock. Dividends on preferred stock may be paid out of the undivided profit account without regard to earnings in the last concluded year, if the surplus equals 50 percent of the total capital stock and the undivided profit account would not be thereby reduced to less than 25 percent of the total capital stock.

Subd. 5. **Preferred stock as capital stock.** Any preferred stock issued by a state bank shall be part of its capital stock structure, and the terms "capital stock" or "capital" in any laws of this state pertaining to state banks shall be deemed to also include and apply to preferred stock.

Subd. 6. **Rules and orders.** The commissioner is authorized to issue such rules and orders as may be necessary to administer and carry out the provisions and purposes of this section.

History: *1957 c 634 s 1; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1985 c 248 s 70; 1987 c 349 art 1 s 12*

48.056 REVERSE STOCK SPLIT.

Subdivision 1. **Power to effect.** (a) A banking institution may effect a reverse stock split by reducing its outstanding shares of stock if the commissioner finds that the transaction:

(1) has a legitimate business purpose including, but not limited to, reducing corporate expenses, simplifying corporate procedures, or becoming a qualified S corporation under the Internal Revenue Code of 1986, as amended through December 31, 1998; and

(2) complies with safe and sound banking practices.

(b) The stock reduction is effective upon approval by the shareholders and the commissioner and filing with the commissioner and with the secretary of state, of the articles of amendment to the certificate of incorporation of the banking institution.

Subd. 2. **Fractional shares.** A banking institution may issue fractions of a share as a result of a reverse stock split by reducing its outstanding shares of stock according to this subdivision. If a banking institution inserts into its certificate of incorporation a provision prohibiting the issue of fractions of a share, it shall pay in cash the value of fractions of a share as of the time when persons entitled to receive the fractions are determined.

Subd. 3. [Repealed, 2005 c 69 art 4 s 1]

Subd. 4. **Rights of dissenting stockholders.** A stockholder of the banking institution not voting in favor of the amendment of the certificate of incorporation of the banking institution to effect a reverse stock split that will impact upon the stockholder's voting rights in the banking institution may, at the meeting of the stockholders held on the amendment, or within 20 days after the meeting, object to the stock reduction and demand payment for that person's stock. If the stock reduction takes effect at any time after this demand, the stockholder may, at any time within 60 days after the demand, apply to the district court in the county of the banking institution's principal place of business for the appointment of three persons to appraise the value of that person's stock. The court shall appoint the appraisers and designate the time and place of their first meeting, give directions with regard to their proceedings the court considers proper, and direct the time and manner in which payment must be made of the value of that person's stock to the stockholder. The

appraisers shall meet at the time and place designated, after being duly sworn to discharge their duties honestly and faithfully, make and certify a written estimate of the value of the stock at the time of the appraisal, and deliver one copy to the banking institution and another to the stockholder. The stockholder and the banking institution shall each pay one-half of the charges and expenses of the appraisers.

History: *1999 c 151 s 18*

48.06 BOARD OF DIRECTORS.

Subdivision 1. **Size.** The business of a bank must be managed by a board of at least five directors, unless a greater number is otherwise required by law. A board of directors of a financial institution referred to in section 47.12 which has fewer than five members on August 1, 1995, is not subject to this requirement but may be increased to not more than five members by order of the commissioner of commerce.

If the number of directors exceeds nine, they may designate, semiannually, by resolution, nine of their number, a majority of whom constitutes a quorum for the transaction of business. Every director of a bank shall take and subscribe an oath to faithfully perform the official duties of a director, and not knowingly violate, or permit to be violated, any provision of law. The taking of this oath must be duly certified in the minutes of the records of the bank.

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.** If the certificate of incorporation or the bylaws so provides, a vacancy in the board of directors may be filled by the remaining directors. Not more than one-third of the members of the board may be so filled in any one year except any number may be appointed to provide for at least five directors until any subsequent meeting of the shareholders.

Subd. 4. **Quorum to do business.** Except as otherwise provided in subdivision 1, 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: *(7670) RL s 2986; 1927 c 260 s 1; 1965 c 171 s 7; 1981 c 220 s 9; 1982 c 473 s 10; 1983 c 250 s 5; 1986 c 444; 2005 c 69 art 1 s 11*

48.07 OFFICERS; APPOINTMENT, REMOVAL.

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

Every bank or trust company organized under the laws of this state, 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. 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 bank or trust company; 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: *(7699-4) 1927 c 259 s 1; 2005 c 69 art 1 s 12*

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

No director, officer or employee shall, directly or indirectly, in any manner, use the funds of the bank, or any part thereof, except in its regular business transactions, and every loan made to any of its directors, officers, employees, or agents shall be upon the same security required of others and in strict conformity to its rules and regulations. No cashier or other officer or employee of a bank shall sell to the bank, directly or indirectly, any mortgage, bond, note, stock, or other security without the written approval of the board of directors, filed in the office of the bank or embodied in a resolution adopted by the board. A copy of this written approval or resolution shall immediately be sent to the commissioner of commerce.

History: *(7673) RL s 2989; 1925 c 305 s 1; 1957 c 601 s 8; 1965 c 171 s 8; 1980 c 399 s 1; 1984 c 576 s 9; 2003 c 51 s 7*

48.09 DIVIDENDS; SURPLUS.

Subdivision 1. **Creation of surplus fund.** At the end of each dividend period, after deducting all necessary expenses, losses, amounts receivable more than one year overdue and not well secured, interest, and taxes due or levied, all of the remaining net profits for the period shall be set aside as a surplus fund, if the surplus fund of the banking institution is not then equal to one-fifth of the capital stock. If the surplus fund is more than one-fifth of the capital stock, ten percent of the remaining net profits for the period shall be set aside as a surplus fund until it equals 50 percent of the capital stock. The directors may then declare a dividend of so much of the remainder as they may think expedient, subject to the commissioner's approval. When in any way impaired the surplus fund shall be raised to this percentage in like manner.

Subd. 2. **Undeclared net profits, prior dividend periods.** Any amount of remaining net profits qualifying for dividend declaration in subdivision 1 and not declared at the end of each annual dividend period may be subject to dividend declaration under the requirements of subdivision 1 during any of the three subsequent annual dividend periods.

Subd. 3. **Qualified subchapter S subsidiary.** A bank that has met the eligibility requirements under title I, subtitle C of the Small Business Job Protection Act of 1996 or related state of Minnesota tax law may apply to the commissioner for approval of a plan and agreement for a distribution of earnings to the shareholder(s) of the bank on a basis other than a dividend under subdivisions 1 and 2. Approval of a plan of distribution under this subdivision may be rescinded by the commissioner upon 90-day prior notice to the bank. Failure to comply with this notice or qualification of a distribution under subdivisions 1 and 2 is considered a violation subject to the commissioner's action under section 45.027 or 46.24.

History: *(7671) RL s 2987; 1939 c 38 s 1; 1957 c 601 s 9; 1993 c 257 s 16; 1996 c 414 art 1 s 12; 1997 c 157 s 21*

48.10 MS 2022 [Repealed, 2023 c 57 art 3 s 76]

48.11 CONTRACTS, HOW MADE.

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

History: *(7678) RL s 2994*

48.12 BONDS OF OFFICERS AND EMPLOYEES.

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

History: *(7699-1) 1925 c 351 s 1; 1945 c 72 s 1; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92*

48.13 CONDITIONS OF BONDS.

Subdivision 1. **Securities.** If a bond is given, it shall be in favor of the bank and shall have one corporate surety, which shall be a solvent insurance corporation in good standing authorized to do business in Minnesota, or at least five individual sureties, not one of whom shall be an officer, director, or stockholder of the bank, and each of whom shall justify in a sum equal to the penalty of the bond and, in addition thereto, each individual surety shall furnish to the bank, in connection with the bond, a verified financial statement showing solvency and responsibility, which statement shall be renewed and revised annually by each surety. If a contract of insurance is secured, it shall be in favor of the bank and shall be executed by some insurance company possessing the qualifications heretofore specified. No cancellation or termination at the request of the underwriter of a bond or contract of insurance required by section 48.12 shall be effective unless the underwriter gives in advance at least 60 days' written notice by registered mail to the commissioner of commerce.

Subd. 2. **Securities in lieu of bond.** With the prior written approval of the commissioner and in lieu of the corporate surety or five individual sureties, there may be posted a deposit in securities of a form and amount acceptable to the commissioner. These funds are under the control of the commissioner for the purposes of section 48.12. All deposits must remain in the custody of the commissioner of management and budget and pursuant to section 16A.271 may be released only upon order from the commissioner. These control and custody requirements must not prevent any interest or dividend earnings accruing on the funds posted to be paid over to pledgor.

History: *(7699-2) 1925 c 351 s 2; 1984 c 576 s 10; 1Sp1985 c 13 s 182; 1986 c 444; 1987 c 384 art 2 s 10; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

48.14 EXAMINATIONS, REPORTS TO SHOW NAMES OF BONDED OFFICERS AND EMPLOYEES.

When an examination is made of a bank by the commissioner, or an examiner, the report of the examination made to the commissioner shall state the names of all the officers and employees of the bank so bonded or insured, and the penalty of the bonds or the amount of the insurance covering them. When blanket coverage is provided, the names of all the officers and employees need not be stated. When the commissioner, after an investigation, or upon receipt of a notice of cancellation or other termination required by section 48.13, finds as a fact that any bank is not adequately protected against loss by reason of the unlawful act of any officer or employee thereof, whether through the omission to secure any bond or contract of insurance, or through the insufficiency of the sureties or the insurer on the bond or policy given, or otherwise, the commissioner may require, by written order, that such bonds or contracts of insurance in favor of the bank be obtained as in the commissioner's opinion would adequately protect the bank against

loss by reason of the unlawful act of any of its officers or employees, and shall thereupon notify the bank, by certified mail, of the order; and, if the same is not complied with within 30 days after the date of the mailing of the order, the bank may be closed and, if closed, shall not be permitted to resume business until the order has been fully complied with. All such bonds or contracts of insurance shall remain in the custody of the bank protected thereby and shall be available for examination and inspection by the commissioner.

History: *(7699-3) 1925 c 351 s 3; 1969 c 772 s 2; 1978 c 674 s 60; 1984 c 576 s 11; 1986 c 444*

GENERAL POWERS AND DUTIES

48.15 SPECIAL POWERS.

Subdivision 1. **Authority.** In addition to the inherent and granted powers of corporations in general, any such bank shall have power to exercise, by its board of directors, or duly authorized officers and agents, subject to law, all such powers as shall be necessary to carry on the business of banking by discounting bills, notes, and other evidences of debt, by receiving deposits, by buying and selling gold and silver bullion, foreign coin, promissory notes, mortgages, and other evidences of debt legal for investment, and foreign and inland bills of exchange, by lending money on real and personal securities and receiving interest on any of the same in advance, by conducting savings promotion raffles in the manner and subject to the requirements set forth in section 609.761, subdivision 6, and by exercising all the usual and incidental powers and privileges belonging to the business; but it shall not transact any business, except such as is incidental and necessarily preliminary to its establishment, until authorized by the commissioner to commence business.

Subd. 2. **Activity authorized by federal authority.** The commissioner of commerce may authorize banks, bank and trust companies, or trust companies organized under the laws of this state to engage in any banking or trust activity in which banks subject to the jurisdiction of the federal government may hereafter be authorized to engage by federal legislation, ruling, or regulation and those activities authorized in section 48.61, subdivision 7, paragraph (a), clause (3). The commissioner may not authorize state banks as defined by section 48.01, to engage in any activity prohibited by the laws of this state.

Subd. 2a. **Authorized activities.** The commissioner may authorize a state bank to undertake any activities, exercise any powers, or make any investments that are authorized by chapter 50, as of August 1, 1995, for any state savings bank, or that become authorized by chapter 50, for state savings banks after August 1, 1995. The commissioner may not authorize state banks to engage in any banking activity prohibited by the laws of this state.

Subd. 3. **Limits on authority to act as paying agent for public issuers.** No such bank shall act as paying agent of any municipality or other public issuer of obligations, other than an issuer within whose corporate limits the principal office of the bank is situated, unless the bank is authorized to execute the powers conferred in section 48A.07.

Subd. 4. **Retirement, health savings, and medical savings accounts.** (a) A state bank may act as trustee or custodian:

(1) of a self-employed retirement plan under the federal Self-Employed Individuals Tax Retirement Act of 1962, as amended;

(2) of a medical savings account under the federal Health Insurance Portability and Accountability Act of 1996, as amended;

(3) of a health savings account under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, as amended; and

(4) of an individual retirement account under the federal Employee Retirement Income Security Act of 1974, as amended, if the bank's duties as trustee or custodian are essentially ministerial or custodial in nature and the funds are invested only (i) in the bank's own savings or time deposits, except that health savings accounts may also be invested in transaction accounts. Health savings accounts invested in transaction accounts shall not be subject to the restrictions in section 48.512, subdivision 3; or (ii) in any other assets at the direction of the customer if the bank does not exercise any investment discretion, invest the funds in collective investment funds administered by it, or provide any investment advice with respect to those account assets.

(b) Affiliated discount brokers may be utilized by the bank acting as trustee or custodian for self-directed IRAs, if specifically authorized and directed in appropriate documents. The relationship between the affiliated broker and the bank must be fully disclosed. Brokerage commissions to be charged to the IRA by the affiliated broker should be accurately disclosed. Provisions should be made for disclosure of any changes in commission rates prior to their becoming effective. The affiliated broker may not provide investment advice to the customer.

(c) All funds held in the fiduciary capacity may be commingled by the financial institution in the conduct of its business, but individual records shall be maintained by the fiduciary for each participant and shall show in detail all transactions engaged under authority of this subdivision.

(d) The authority granted by this section is in addition to, and not limited by, section 47.75.

History: *(7660) RL s 2984; 1965 c 171 s 9; 1969 c 1129 art 4 s 9; 1976 c 324 s 25; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 353 s 1; 1987 c 349 art 1 s 13; 1995 c 171 s 30; 1997 c 157 s 22,23; 1999 c 151 s 19,20; 2005 c 118 s 4; 2007 c 44 s 6; 2007 c 57 art 3 s 12; 2015 c 29 s 1*

48.151 ADDITIONAL POWERS.

Any bank, savings bank, or trust company organized under the laws of this state, or any national banking association doing business in this state, shall have the power to advertise for sale and sell for a fee money orders, traveler's checks, cashier's checks, drafts, registered checks, and certified checks and no other person, firm, or corporation, either directly or through agents, shall advertise for sale or shall sell for a fee any evidence of indebtedness on which there appears the words, "money order," "traveler's check," "cashier's check," "draft," "registered check," "certified check," or other words or symbols whether of the same or different character which tend to lead the purchaser to believe that such evidence of indebtedness is other than a personal check, unless such evidence of indebtedness is issued by a person, firm or corporation which is a savings association, or telegraph company, or, in the case of cashier's checks, is issued by an industrial loan and thrift company with deposit liabilities, provided that these instruments are issued in conformity with the Uniform Commercial Code, or is issued by a person, firm, or corporation licensed under chapter 53B. Any person, firm or corporation who shall violate any provision of this section shall be guilty of a misdemeanor.

History: *1955 c 555 s 1; 1959 c 88 s 6; 1Sp1985 c 1 s 1; 1995 c 202 art 1 s 25; 2001 c 148 s 1*

48.152 STATE BANK ACQUISITION AND LEASING OF PERSONAL PROPERTY.

Subdivision 1. **Authorization.** A state bank may acquire and lease or participate in the acquisition and leasing of personal property to customers, and may incur such additional obligations as may be incidental

to becoming an owner and lessor of such property, subject to the rules of the commissioner and the conditions specified in this section.

Subd. 2. **Limitation.** The property must be acquired upon the specific request of and for the use of a customer.

Subd. 3. **Net lease required.** The lease may not be an operating lease, but must be a "net" lease wherein the bank retains no obligation for maintenance or operation of the property.

Subd. 4. **Full-payout lease.** The lease must be a full-payout, noncancelable obligation of the lessee serving the same purpose as other forms of bank financing. For the purposes of this subdivision a full-payout lease is one in which the lessor will realize from the transaction a return of its full investment in the leased property plus the estimated cost to it of financing the property over the term of the lease in rentals, estimated tax benefits, and the estimated residual value of the property at the expiration of the initial term of the lease. In all instances where the bank estimates and uses the residual value of leased property to satisfy the requirements of a full-payout lease, the estimated value must be reasonable so that the bank's primary risk in the overall transaction depends on the credit worthiness of the lessee and not market value of the leased item; provided, that in no event shall the estimated residual value exceed 25 percent of the original cost of the property to the lessor. As an alternative to this test, residual values may be set at any level where the bank receives a guarantee of the residual value from the manufacturer, the lessee, or any third party which is not an affiliate of the bank, and where it has determined that the guarantor has the resources to meet the guarantee. Selection of residual values at unreasonable levels shall be considered an unsafe and unsound banking practice if it cannot be shown that, at the time of such selection, the bank made a good faith effort to be accurate and reasonable.

For purposes of leasing to government entities "full-payout" calculations may be based on reasonably anticipated future renewals.

If, in good faith, the bank believes that there has been a significant unanticipated change in conditions which threatens its financial position by increasing its exposure to loss, and, if its interest in the property is sufficient to justify action, the limitation contained in subdivision 3 shall not prevent the bank from taking any reasonable and appropriate action to salvage or protect the value of the property to prevent loss.

Subd. 5. **Periodic rental payments.** The terms of the lease shall require periodic rental payments to be made at least annually.

Subd. 6. **Payment schedule.** The terms of the lease shall establish a rental payment schedule by which no individual rental payment shall exceed the average rental payment by more than 50 percent, the average rental payment to be computed by dividing the total dollar amount of rental payments to be made over the term of the lease by the number of payments to be made.

Subd. 7. **Lease term.** Except upon the written approval of the commissioner, the term of the lease shall not exceed 12 years, 32 days.

Subd. 8. **Unpaid rent as customer liability.** The total amount of unpaid rental obligations of a customer to a bank on personal property, shall constitute a liability of the customer within the meaning of section 48.24, subdivisions 1 and 4.

Subd. 9. [Repealed, 1983 c 80 s 2]

Subd. 10. **Nonconforming personal property leases.** The acquisition of personal property for leasing to customers under this section not in conformity with subdivision 4 is authorized if the total investment in

this personal property does not exceed 200 percent of the sum of the bank's capital actually paid in cash and its actual surplus fund.

History: *1975 c 300 s 1; 1979 c 321 s 1; 1983 c 80 s 1; 1988 c 631 s 1*

48.153 INSTALLMENT LOANS; FINANCE CHARGES; MINIMUM CHARGES.

Subdivision 1. [Repealed, 1982 c 494 s 5]

Subd. 1a. **Authorized rate of interest charged by banks or banking associations.** A bank organized under the laws of this state, or a national banking association doing business in this state, making a loan of money not exceeding $35,000 repayable in installments, may charge, at the time the loan is made, a rate of interest upon the unpaid principal balance of the amount financed of 12 percent a year, or the rate of interest authorized by section 48.195, whichever is greater. If the rate of interest charged is permitted by section 48.195 at the time the loan is made, the rate does not later become usurious because of a fluctuation in the federal discount rate.

Subd. 2. **Terms of bank loans.** Installment payments on loans made pursuant to this section by a bank or national banking association shall not extend beyond a period of 12 years and 32 days from the date of the loan. The loan may be secured by a mortgage, pledge, or other collateral.

Subd. 3. [Repealed, 1982 c 494 s 5]

Subd. 3a. **Authorized rate of interest charged by savings banks or associations.** A savings bank organized under chapter 50, a savings association subject to the provisions of sections 51A.01 to 51A.57, or a savings association chartered under the laws of the United States, that has its principal place of business in this state, may make a loan for consumer purposes to a natural person in an amount not exceeding $25,000 repayable in installments, and may charge a rate of interest upon the unpaid principal balance of the amount financed of 12 percent a year, or the rate of interest authorized by section 48.195, whichever is greater. If the rate of interest charged is permitted by section 48.195 at the time the loan is made, the rate does not later become usurious because of a fluctuation in the federal discount rate.

Subd. 4. **Terms of savings association loans.** Installment payments on loans made pursuant to this section by a savings bank, a savings association subject to the provisions of sections 51A.01 to 51A.57, or a savings association chartered under the laws of the United States shall not extend beyond a period of 12 years and 32 days from the date of the loan. The loan may be secured by a mortgage, pledge, or other collateral.

Subd. 5. **Charges.** Charges in reference to installment loans under this section shall be computed and collected only on the unpaid principal balance of the amount financed actually outstanding. One day's finance charge means an amount equal to 1/365 of the per annum rate provided for in an installment loan. If the total finance charge determined on an installment loan, single payment or demand loan shall be less than $10 the amount charged may nevertheless be $10. No loan shall be made pursuant to this section if over 50 percent of the proceeds of the loan are used to finance the purchase of a borrower's primary residence other than a manufactured home.

History: *1945 c 544 s 1; 1947 c 314 s 1; 1955 c 616 s 1; 1957 c 916 s 1; 1961 c 298 s 7; 1963 c 577 s 1; 1973 c 511 s 1; 1976 c 196 s 2; 1977 c 350 s 2; 1980 c 522 s 1; 1980 c 606 s 1; 1981 c 365 s 9; 1982 c 494 s 1,2; 1995 c 202 art 1 s 25; 1996 c 414 art 1 s 14; 1997 c 157 s 67; 1998 c 260 s 1*

48.154 PREPAYMENT, EXTENSION OF TERMS.

The borrower may repay the entire balance or any portion of the balance of an installment loan in advance without penalty. An installment loan contract may provide that the parties, before or after default, may agree in writing to an extension of all or part of the unpaid installments and collect as an extension fee a finance charge not exceeding that rate agreed to in the original loan contract. No such extension shall be permitted to cause repayment of a loan to exceed those maturities set down in section 48.153. One day's finance charge shall mean an amount equal to 1/365 of the per annum rate provided for in an installment loan.

History: *1945 c 544 s 2; 1965 c 171 s 10; 1976 c 196 s 3*

48.155 ALLOWABLE ADDITIONAL CHARGES.

No charge other than those provided for in sections 48.153 and 48.154 shall be made directly or indirectly for any such installment loan except that there may be charged to the borrower or included in the amount financed:

(a) any lawful fees paid or to be paid by the lender to any public officer for filing, recording, or releasing in any public office any instrument securing the loan;

(b) any lawful premium or charge for insurance protecting the lender against the risk of loss from not filing or recording a security agreement or financing statement and in lieu of filing thereof. Such premium or charge shall not exceed the actual premium or charge made by the insurance company to the lender and in no event in excess of the costs if the document were actually filed, recorded, or released in any public office;

(c) the premium on any life, property or other insurance taken as security for the loan; provided, that the borrower has acknowledged by signature that the borrower has been notified in writing that the borrower may, at the borrower's own cost, procure and deposit with the lender such insurance if written by a responsible company. Such premium may be included as part of the loan.

History: *1945 c 544 s 3; 1963 c 153 s 3; 1971 c 33 s 1; 1976 c 196 s 4; 1986 c 444*

48.156 LOAN DUE ON DEFAULT.

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

History: *1945 c 544 s 4*

48.157 COPY OF NOTE TO BORROWER.

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

History: *1945 c 544 s 5; 1986 c 444*

48.158 SETTLEMENT OF CHECKS AT LESS THAN PAR.

No bank or trust company organized under the laws of this state shall settle any check drawn on it otherwise than at par. The provisions of this section shall not apply with respect to the settlement of a check

sent to such bank or trust company as a special collection item. This section is in effect on and after November 1, 1968.

History: *1967 c 156 s 1*

48.1585 [Repealed, 1995 c 202 art 4 s 25]

48.159 [Repealed, 1982 c 473 s 30]

48.16 BANKS MAY NOT PLEDGE ASSETS; EXCEPTIONS.

No bank or trust company shall pledge, hypothecate, assign, transfer, or create a lien upon or charge against any of its assets except as follows:

(1) to the state;

(2) to secure public deposits;

(3) to secure funds of trustees in bankruptcy;

(4) to secure money borrowed in good faith from other banks, trust companies, a financial agency created by act of Congress, or the state in programs specifically authorizing state banks to participate as an eligible local lender;

(5) to finance the acquisition of real estate to be carried as an asset as provided for in section 47.10;

(6) to secure 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 thereof, or obligations of United States government-sponsored entities which are exempt from the registration requirements of the Securities Act of 1933, United States Code, title 15, section 77a, that the bank or trust company is obligated to repurchase;

(7) to a counterparty to secure an interest rate swap agreement.

This section shall not be construed to permit the use of assets as security for public deposits other than the securities made eligible by law for that purpose.

History: *(7699-14) 1927 c 257 s 1; 1931 c 341; 1933 c 149 s 1; 1939 c 46; Ex1967 c 30 s 1; 1982 c 473 s 11; 1995 c 202 art 2 s 14; 2001 c 56 s 5*

48.17 POWERS OF OFFICERS OR EMPLOYEES.

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

History: *(7699-15) 1927 c 257 s 2*

48.18 PLEDGES OR LIENS OF ASSETS SUBJECT TO PRIOR LIENS.

No bank or trust company shall pledge or hypothecate or create a lien upon or charge against any of its assets subject to a prior lien, hypothecation, or charge.

History: *(7699-16) 1927 c 257 s 3*

48.185 OPEN END LOAN ACCOUNT ARRANGEMENTS.

Subdivision 1. **Authorization.** Any bank organized under the laws of this state, any national banking association doing business in this state, any savings bank organized and operated pursuant to chapter 50, any savings association organized under chapter 51A, and any federally chartered savings association, may extend credit through an open end loan account arrangement with a debtor, pursuant to which the debtor may obtain loans from time to time by cash advances, purchase or satisfaction of the obligations of the debtor incurred pursuant to a credit card plan, or otherwise under a credit card or overdraft checking plan.

Subd. 2. [Repealed, 1980 c 599 s 9]

Subd. 3. **Maximum finance charge.** A financial institution referred to in subdivision 1, may collect a periodic rate of finance charge in connection with extensions of credit under this section, which finance charge does not exceed the equivalent of an annual percentage rate of 18 percent computed on a 365-day year and in accordance with the Truth in Lending Act, United States Code, title 15, section 1601 et seq., and the Code of Federal Regulations, title 12, part 226 (1985).

If credit is extended pursuant to an overdraft checking plan on the day on which an increase in the periodic rate of finance charge is made effective pursuant to this section, the rate in effect prior to the increase shall be the maximum lawful rate chargeable on the amount of credit so extended until that credit is fully repaid according to the terms of the plan.

Subd. 3a. **Prepayment statement.** Any periodic statement evidencing an overdraft checking plan loan balance shall clearly state that all or any part of said balance may be prepaid at any time.

Subd. 4. **Other charges.** No charges other than those provided for in subdivision 3 shall be made directly or indirectly for any credit extended under the authority of this section, except that there may be charged to the debtor:

(a) annual charges, not to exceed $50 per annum, payable in advance, for the privilege of using a bank credit card;

(b) charges for premiums on credit life, credit accident and health, and credit involuntary unemployment insurance if:

(1) the insurance is not required by the financial institution and this fact is clearly disclosed in writing to the debtor; and

(2) the debtor is notified in writing of the cost of the insurance and affirmatively elects, in writing, to purchase the insurance;

(c) charges for the use of an automated teller machine when cash advances are obtained pursuant to this section through the use of an automated teller machine;

(d) in the case of a financial institution referred to in subdivision 1 that does not charge an annual fee, delinquency and collection charges as follows:

(1) on each payment in arrears for a period not less than ten days, in an amount not in excess of the delinquency and collection charge permitted in section 53C.08;

(2) for any monthly or other periodic payment period where the debtor has exceeded or thereby exceeds the maximum approved credit limit under the open-end loan account arrangement, in an amount not in excess of the service charge limitations in section 604.113; and

(3) for any returned check or returned automatic payment withdrawal request, in an amount not in excess of the service charge limitation in section 604.113; and

(e) to the extent not otherwise prohibited by law, charges for other goods or services offered by or through a financial institution referred to in subdivision 1 which the debtor elects to purchase, including, but not limited to, charges for check and draft copies and for the replacement of lost or stolen cards.

Subd. 4a. [Repealed, 1986 c 376 s 4]

Subd. 5. **Credit card plan; finance charge limitation.** If the balance in a revolving loan account under a credit card plan is attributable solely to purchases of goods or services charged to the account during one billing cycle, and the account is paid in full before the due date of the first statement issued after the end of that billing cycle, no finance charge shall be charged on that balance.

Subd. 6. **Application.** This section shall apply to all open end credit transactions of a bank or savings bank in extending credit under an open end loan account or other open end credit arrangement to persons who are residents of this state, if the bank or savings bank induces such persons to enter into such arrangements by a continuous and systematic solicitation either personally or by an agent or by mail, and retail merchants and banks or savings banks within this state are contractually bound to honor credit cards issued by the bank or savings bank, and the goods, services and loans are delivered or furnished in this state and payment is made from this state. A term of a writing or credit card device executed or signed by a person to evidence an open end credit arrangement specifying:

(a) that the law of another state shall apply;

(b) that the person consents to the jurisdiction of another state; and

(c) which fixes venue,

is invalid with respect to open end credit transactions to which this section applies. An open end credit arrangement made in another state with a person who was a resident of that state when the open end credit arrangement was made is valid and enforceable in this state according to its terms to the extent that it is valid and enforceable under the laws of the state applicable to the transaction.

Subd. 7. **Violations.** Any bank or savings bank extending credit in compliance with the provisions of this section, which is injured competitively by violations of this section by another bank or savings bank, may institute a civil action in the district court of this state against that bank or savings bank for an injunction prohibiting any violation of this section. The court, upon proper proof that the defendant has engaged in any practice in violation of this section, may enjoin the future commission of that practice. Proof of monetary damage or loss of profits shall not be required. Costs and attorneys' fees may be allowed to the plaintiff, unless the court directs otherwise. The relief provided in this subdivision is in addition to remedies otherwise available against the same conduct under the common law or statutes of this state.

Service of process shall be as in any other civil suit, except that if a defendant in the action is a foreign corporation or a national banking association with its principal place of business in another state, service of

process may also be made by personal service outside the state, or in the manner provided by section 5.25, or in such manner as the court may direct, or in accordance with section 45.028, subdivision 2. Process is valid if it satisfies the requirements of due process of law, whether or not defendant is doing business in Minnesota regularly or habitually.

History: *1976 c 196 s 5; 1979 c 101 s 1-3; 1981 c 138 s 1; 1981 c 259 s 2; 1986 c 376 s 1-3; 1987 c 341 s 1; 1992 c 564 art 2 s 2; 1993 c 343 s 2; 1995 c 128 art 1 s 2; 1995 c 202 art 1 s 25; 2005 c 19 s 1*

48.19 [Repealed, 1Sp1985 c 13 s 376]

48.194 INSTALLMENT SALES CONTRACTS; LOANS.

A person may enter into a credit sale or service contract for sale to a state or national bank doing business in this state, and a bank may purchase and enforce the contract under the terms and conditions set forth in sections 47.59, subdivisions 2 and 4 to 14; and 51A.386, subdivision 4. A state bank or national bank may extend credit pursuant to the terms and conditions set forth in sections 47.59, 47.60, and 51A.386, subdivision 4.

History: *1988 c 666 s 1; 1993 c 257 s 17; 1995 c 202 art 3 s 3; 1996 c 414 art 1 s 15; 1997 c 157 s 67; 1998 c 260 s 1*

48.195 INTEREST RATES; USURY LIMIT FOR DEPOSITORY INSTITUTIONS.

Notwithstanding any law to the contrary, a bank, savings bank, savings association, or credit union organized under the laws of this state, or a national bank or federally chartered savings bank, savings association, or credit union, doing business in this state, may charge on any loan or discount made or upon any note, bill or other evidence of debt, except an extension of credit made pursuant to section 48.185, interest at a rate of not more than 4-1/2 percent in excess of the discount rate, including any surcharge thereon, on 90-day commercial paper in effect at the Federal Reserve Bank located in the Ninth Federal Reserve District.

History: *1980 c 343 s 1; 1981 c 259 s 1; 2Sp1981 c 4 s 1; 1982 c 494 s 3; 1995 c 202 art 1 s 25*

48.196 PENALTY FOR USURIOUS INTEREST.

The taking, receiving, reserving or charging by a lender of a rate of interest greater than is allowed by state law shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. In case the greater rate of interest has been paid, the person paying it, or the person's legal representatives, may recover, in an action in the nature of an action of debt, twice the amount of the interest thus paid from the lender taking or receiving the interest, if the action is commenced within two years from the time the usurious transaction occurred. For purposes of this section, the term "lender" means a bank or savings bank organized under the laws of this state, a federally chartered savings association, a savings association organized under chapter 51A, a federally chartered credit union, a credit union organized under chapter 52, an industrial loan and thrift company organized under chapter 53, a regulated lender licensed under chapter 56, or a mortgagee or lender approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs.

History: *1980 c 606 s 2; 1983 c 252 s 3; 1986 c 444; 1995 c 202 art 1 s 25*

48.20 UNAUTHORIZED PLEDGES, NOTES, LIENS VOID.

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

History: *(7699-18) 1927 c 257 s 5*

48.21 REAL ESTATE; RESTRICTIONS ON HOLDING.

Subdivision 1. **Specific restrictions.** (a) A bank may purchase, carry as an asset, and convey real estate only:

(1) as provided for in section 47.10;

(2) if acquired through foreclosure of a mortgage given to it in good faith as security for loans made by or money due to it;

(3) if conveyed to it in satisfaction of debts previously contracted in good faith in the course of its dealings;

(4) if acquired by sale on execution or judgment of a court in its favor; or

(5) if reasonably necessary to mitigate or avoid loss on a loan or investment theretofore made.

(b) Real estate acquired under paragraph (a), clauses (2) to (5), shall be carried as an asset only in accordance with rules the commissioner prescribes. The maximum period for holding other real estate as an asset shall be five years, provided that upon application to the commissioner, the commissioner may approve the possession of such real estate by a bank for a period longer than five years, but not to exceed an additional five years, if:

(1) the bank has made a good faith attempt to dispose of the real estate within the initial five-year period; or

(2) disposal within the initial five-year period would be detrimental to the bank.

Subd. 2. **Real estate holdings not bank liabilities.** Real estate owned by a bank as a result of actions authorized in subdivision 1, paragraph (a), clauses (2) to (5), and subsequently sold to any buyer on a contract for deed may not be considered creating a liability to a bank for purposes of section 48.24.

Subd. 3. **Real estate holdings not sold; authority to write off.** Notwithstanding any rules of the commissioner to the contrary, if real estate owned by a bank pursuant to subdivision 1, paragraph (a), clauses (2) to (5), is not sold or otherwise disposed of within the maximum period, the bank may write off any remaining balance at a rate not less than one-fifth of that balance each subsequent calendar year.

History: *(7679) RL s 2995; 1919 c 85 s 1; 1921 c 258 s 1; 1929 c 54 s 1; 1945 c 63 s 1; 1955 c 104 s 2; 1957 c 601 s 12; 1982 c 473 s 12; 1987 c 349 art 1 s 14; 2009 c 37 art 3 s 5*

48.22 [Repealed, 1981 c 182 s 6]

48.221 RESERVES.

A state bank or trust company 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 state bank or trust company from time to time based upon examination findings or other reports relating to the bank or trust company that are available to the commissioner. Reserves for an individual state bank or trust company 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: *1981 c 182 s 2; 1982 c 424 s 130; 1997 c 187 art 3 s 8*

48.23 BANK NOT TO LEND ON ITS OWN STOCK OR PURCHASE SAME.

Any such bank shall make no loan or discount on the security of its own capital stock, nor be the purchaser or holder thereof, unless necessary to prevent loss upon a debt previously contracted in good faith, and all stock so acquired shall be disposed of, at public or private sale, within six months after it is so acquired.

History: *(7676) RL s 2992*

48.24 RESTRICTIONS UPON TOTAL LIABILITIES TO A BANK.

Subdivision 1. **Total liabilities of any individual.** The total liabilities to any such bank, as principal, guarantor or endorser of any individual, including the liabilities of any corporation or limited liability company in which the individual owns or controls a majority interest, any partnership, unincorporated association, limited liability company, or corporation, including the liabilities of the several members of an unincorporated association and including the liabilities of the general partners but not the limited partners of a partnership, and in case of a corporation or limited liability company, of all subsidiaries thereof in which such corporation or limited liability company owns or controls a majority interest, shall never exceed 20 percent of the bank's capital actually paid in cash and of its actual surplus fund, except that obligations not to exceed 25 percent of said capital and surplus to any one borrower shall not be included as liabilities for the purposes of this section, but shall be liabilities of the borrowers, provided they are secured by not less than a like amount of any one of the various types of obligations of the United States or which are fully guaranteed as to principal and interest by the United States, and providing that such bonds or obligations have a market value of at least ten percent in excess of the amount loaned thereon at the time each loan is made.

Liabilities include any credit exposure to an individual arising from a derivative transaction. The term "derivative transaction" includes any transaction that is a contract, agreement, swap, or note that is based, in whole or in part, on the value of, any interest in, or any quantitative measure or the occurrence of any event relating to, one or more currencies, interest or other rates, or interest rate indices, and that is subject to regulation by the commissioner of commerce.

For the purpose of this section the members of a family living together in one household, if borrowed funds are to be used in the conduct of a common enterprise, shall be regarded as one person and the total liabilities of the members of the family shall be limited as herein provided. The endorser or guarantor of any obligation which is exempt from loaning limits according to the provisions of this section shall also be exempt from such loaning limits to the extent of the amount of liability on such obligations for the purposes of this section but shall be liable thereon. Individual extensions of credit which result in liabilities of individuals, corporations, or limited liability companies exceeding the limitations set forth in this section shall be construed to conform to the provisions of this subdivision upon reduction in an amount sufficient to reduce the total liability to not more than the legal amount, but until paid in full shall not exempt the officer or employee of the bank from being personally liable to the bank for the amount of the original excess portion of the loan as set forth in subdivision 8.

Subd. 2. **Loan liabilities.** Loans not exceeding 25 percent of such capital and surplus made upon first mortgage security on improved real estate in any state in which the bank or a detached facility of the bank is located, or in any state adjoining a state in which the bank or a detached facility of the bank is located, shall not constitute a liability of the maker of the notes secured by such mortgages within the meaning of the foregoing provision limiting liability, but shall be an actual liability of the maker. These mortgage loans shall be limited to, and in no case exceed, 50 percent of the cash value of the security covered by the mortgage, except mortgage loans guaranteed as provided by the Servicemen's Readjustment Act of 1944, as now or hereafter amended, or for which there is a commitment to so guarantee or for which a conditional guarantee has been issued, which loans shall in no case exceed 60 percent of the cash value of the security covered by such mortgage. For the purposes of this subdivision, real estate is improved when substantial and permanent development or construction has contributed substantially to its value, and agricultural land is improved when farm crops are regularly raised on such land without further substantial improvements.

Subd. 3. **Treatment of certain sales or lease agreements.** Conditional sales contracts or other paper evidencing an agreement to purchase or lease personal property owned and guaranteed by the person discounting same, not to exceed 30 percent of the capital stock and surplus, taken from any one person, shall not constitute a liability within the meaning of this section, but the actual liabilities on such agreements are not to be construed as affected by the provisions of this subdivision: Provided, however, if information as to the financial condition of each purchaser or lessee is reasonably adequate by reason of the bank's own records or actual knowledge of an officer of the bank and, upon written certification by an officer appointed by the bank's board of directors for that purpose, that the responsibility of each purchaser or lessee has been evaluated and the bank is relying primarily upon the purchaser or lessee for the payment of the obligation, the limitations of subdivision 1 as to each purchaser or lessee shall be the sole applicable loan limitation.

Subd. 4. [Repealed, 1993 c 257 s 49]

Subd. 5. **Treatment of secured or guaranteed loans.** Loans or obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that they are secured or covered by guarantees, or by commitments or agreements to take over or to purchase the same, made by:

(1) the Minnesota Department of Agriculture;

(2) any Federal Reserve bank;

(3) the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States;

(4) the Minnesota Employment and Economic Development Department; or

(5) a municipality or political subdivision within Minnesota to the extent that the guarantee or collateral is a valid and enforceable general obligation of that political body.

Subd. 6. **Treatment of discounts of certain classes of paper.** The discount of the following classes of paper shall not be regarded as creating liability within the meaning of this section:

(1) Bonds, orders, warrants, or other evidences of indebtedness of the United States, of federal land banks, of this state or of any county, city, town, hospital district, or school district in this state, or of the bonds, representing general obligation of any other state in the United States, or bonds and obligations of the federal home loan banks established by act of Congress known as the Federal Home Loan Bank Act, approved July 23, 1932, and acts amendatory thereto, or debentures and other obligations of the federal intermediate credit banks established by act of Congress known as the Federal Intermediate Credit Banks Act, approved March 4, 1923, and acts amendatory thereto, in obligations issued by the banks for cooperatives

or any of them, and in bonds and obligations of the home owners' loan corporation established by act of Congress, known as the Home Owners' Loan Act of 1933, and acts amendatory thereto, in exchange for mortgages on homes, or contracts for deed, or real estate held by it.

(2) Bills of exchange drawn in good faith against actually existing values, including bills which are secured by shipping documents conveying or securing title to goods shipped, and which are not to be surrendered until such bills are paid in cash or solvent credits. This includes bankers' acceptances or participations in bankers' acceptances of the kind and maturities made eligible by law for rediscount with, or purchase by, Federal Reserve banks, providing the same are accepted or endorsed by a bank or trust company incorporated under the laws of this state; or by any bank or trust company in the United States which is a member of the Federal Reserve system.

(3) Paper based upon the collateral security of warehouse receipts covering agricultural or manufactured products stored in elevators or warehouses under the following conditions:

First, when the actual market value of the property covered by such receipts at all times exceeds by at least ten percent the amount loaned thereon, and

Second, when the full amount of every such loan is at all times covered by fire insurance in duly authorized companies, within the limit of their ability to cover such amounts, and the excess, if any, in companies having sufficient paid-up capital to authorize their admission, and payable, in case of loss, to the bank or holder of the warehouse receipt.

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

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

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

Subd. 7. **Treatment of feeder livestock loan security instruments.** Obligations of any individual or organization, however organized, in the form of notes or drafts secured by shipping documents or instruments transferring or securing title covering feeder livestock which is free from all other encumbrances, when the market value of the livestock securing the obligation at the time of the making of the loan is not less than 115 percentum of the face amount of the notes covered by such documents, shall be subject under this subdivision to a limitation of 20 percent of capital and surplus in addition to 20 percent of capital and surplus as included in provisions of subdivision 1. Feeder livestock loans as referred to in this subdivision is defined to include only obligations secured by liens or giving title to cattle, sheep, goats, hogs or poultry being fattened for market, but excluding dairy cattle, milk goats, poultry used for production of eggs, or barnyard or work animals.

Subd. 7a. **Treatment of certain insurance liability.** Pursuant to such rules as the commissioner of commerce finds to be necessary and proper, if any, the liability or obligation to a bank of any insurance company admitted and authorized to do business in this state shall not be subject under this section to any limitation based upon such capital and surplus to the extent that such insurance company issues policies or certificates of indemnity of mortgage guaranty insurance.

For the purposes of this subdivision "mortgage guaranty insurance" shall mean insurance against financial loss by reason of nonpayment of principal, interest and other sums agreed to be paid under the terms of any note, bond, mortgage, security agreement, or other instrument constituting a first lien, security interest or charge on real property or manufactured homes.

Subd. 8. **Criminal liability for permitting or approving loan in excess of allowable amounts.** When a bank shall allow any individual, partnership, limited liability company, unincorporated association, or corporation, or any officer or director of the bank, to become indebted to it, directly or indirectly, in excess of the amount, exclusive of interest permitted by the laws of this state, the officer or employee of the bank willfully permitting or approving the loan shall be guilty of a gross misdemeanor and, in addition thereto, shall be personally liable to the bank for the amount of the loan in excess of the statutory limit.

Subd. 9. **Right to act to avoid loss.** This section does not prohibit the bank from advancing funds that may be reasonably necessary to avoid loss on a loan or investment made subject to this section or an obligation created in good faith. The rights under this subdivision are in addition to and not inconsistent with section 48.21.

Subd. 10. **Treatment of grain forward sale contracts.** Obligations of any individual or organization, however organized, where the note is secured by a perfected first lien on stored grain and a perfected assignment of the proceeds of a forward contract for sale of the grain (1) with a recognized commodity buyer or broker, reasonably satisfactory to the bank, (2) where the delivery of grain under the contract will occur within 270 days, (3) where the grain is insured for full value against loss by fire or other casualty, and (4) where the value of the forward contract exceeds 115 percent of the face amount of the secured note, is subject under this subdivision to a limitation of ten percent of capital and surplus in addition to the 20 percent of capital and surplus as included in subdivision 1.

History: *(7677) RL s 2993; 1907 c 156 s 1; 1911 c 160 s 1; 1919 c 103 s 1; 1927 c 258 s 1; 1931 c 9 s 1; Ex1933 c 70 s 1; 1943 c 23 s 1; 1945 c 62 s 1; 1947 c 82 s 1; 1957 c 601 s 13-16; 1959 c 88 s 8,9,17; 1963 c 153 s 6; 1965 c 171 s 15-17; 1967 c 102 s 7,8; 1969 c 438 s 1,2; 1969 c 772 s 3; 1971 c 100 s 1; 1973 c 35 s 18; 1973 c 123 art 5 s 7; 1976 c 210 s 11; 1980 c 523 s 1; 1981 c 365 s 9; 1983 c 289 s 114 subd 1; 1984 c 576 s 13; 1984 c 655 art 1 s 92; 1985 c 248 s 70; 1986 c 353 s 2; 1986 c 444; 1987 c 349 art 1 s 15; 1987 c 384 art 2 s 1; 1988 c 631 s 2,3; 1993 c 137 s 1-3; 1993 c 257 s 18-20; 1995 c 202 art 2 s 15; 1997 c 157 s 24,25; 1999 c 151 s 21,22; 2002 c 379 art 1 s 18; 2002 c 380 art 2 s 1; 2003 c 51 s 8; 1Sp2003 c 4 s 1; 2012 c 142 s 2; 2012 c 244 art 1 s 50; 2024 c 114 art 2 s 12*

48.245 WAR VETERAN; MINORITY; CONTRACT FOR LOAN.

The disability of minority of any person otherwise eligible for guaranty or insurance pursuant to the Servicemen's Readjustment Act of 1944, as amended (Public Law 346, 78th Congress, as amended), the National Housing Act, as amended (Public Law 475, 81st Congress), or the Defense Housing and Community Facilities and Services Act of 1951, (Public Law 139, 82nd Congress), and of the minor spouse of any eligible veteran irrespective of age, in connection with any transaction entered into pursuant thereto, is hereby removed for all purposes in connection with such transaction, including but not limited to incurring of indebtedness or obligations and acquiring, encumbering, selling, releasing, or conveying property or any interest therein and litigating or settling controversies arising therefrom, if all or part of any obligations incident to such transaction be guaranteed or insured by the administrator of Veterans Affairs pursuant to any act hereinbefore referred to; provided, that this section shall not be construed to impose any other or greater rights or liabilities than would exist if any such person were under no such disability.

History: *1945 c 177 s 1; 1947 c 178 s 1; 1953 c 699 s 3*

48.25 [Repealed, 1982 c 473 s 30]

48.26 [Repealed, 1994 c 382 s 15]

48.27 LIMITATION ON AMOUNT OF DEPOSITS.

No bank or trust company organized under the laws of this state shall accept deposits in a sum exceeding 30 times the amount of its capital stock and its actual surplus.

History: *(7699-12) 1927 c 325 s 1; 1943 c 342 s 2; 1945 c 73 s 1; 1947 c 11 s 1; 1949 c 24 s 1; 1959 c 88 s 11*

48.28 LIQUIDATION UNLESS DEPOSITS ARE REDUCED.

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

History: *(7699-13) 1927 c 325 s 2; 1943 c 342 s 1; 1945 c 73 s 2; 1947 c 11 s 2; 1949 c 24 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92*

48.29 [Repealed, 1965 c 811 art 10 s 336.10-102]

48.30 DEPOSITS IN NAME OF MINOR.

Any deposit made in the name of a minor, shall be held for the exclusive right and benefit of the minor, free from the control or lien of all other persons, except creditors, and, together with the dividends or interest thereon, shall be paid to the minor, and the minor's receipt, check, or acquittance in any form shall be a sufficient release and discharge of the depository for the deposit, or any part thereof, until a conservator or guardian appointed for the minor shall have delivered a certificate of appointment to the depository.

History: *(7711) RL s 3019; 1907 c 468 s 6; 1985 c 292 s 1*

48.301 MULTIPARTY ACCOUNTS.

When any deposit is made in the names of two or more persons jointly, or by any person payable on death (P.O.D.) to another, or by any person in trust for another, the rights of the parties and the financial institution are determined by chapter 524.

History: *1985 c 292 s 2; 1996 c 305 art 1 s 15; 1996 c 414 art 1 s 16*

48.31 STATE BANKS ORGANIZED FROM NATIONAL BANKS.

When any national bank authorized to dissolve has taken the necessary steps for that purpose, a majority of its directors, upon authority, in writing, of the owners of two-thirds of the capital stock and the approval of the commissioner, may execute a certificate of incorporation under the provisions of this chapter, which, in addition to the other requirements of law, shall state the authority derived from the stockholders of the national bank; and, upon recording and publishing this certificate, as provided by law, it shall become a legal state bank. Thereupon the assets, real and personal, of the dissolved bank, subject to its liabilities not

liquidated under the federal law before this incorporation, shall vest in and become the property of the state bank.

History: *(7695) RL s 3006*

48.32 STATE BANKS OR TRUST COMPANIES MAY BE MEMBERS OF FEDERAL RESERVE BANKS.

Any incorporated state bank or trust company may become a member of the Federal Reserve Bank of the Federal Reserve district in which the bank or trust company is located, and may invest in and hold stock therein.

History: *(7649) 1915 c 28 s 1*

48.33 EXECUTION OF TRUST.

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

History: *(7696) RL s 3007; 1986 c 444; 1999 c 171 s 5*

48.34 [Repealed, 2014 c 222 art 1 s 58]

48.35 CLEARINGHOUSES.

Clearinghouses may make and enforce suitable provisions for effecting, at one place, daily exchanges and the settlement and adjustment of accounts between banks in the same locality and, under appropriate rules, may issue clearinghouse certificates for those purposes only, and may otherwise act in maintaining and enforcing uniformity of methods and harmonious action in banking business.

History: *(7697) RL s 3008; 1985 c 248 s 70*

48.36 APPLICATION.

Subdivision 1. **State bank to acquire trust authority.** Any state bank having a capital and surplus of not less than $500,000 may exercise the powers and privileges conferred by sections 48A.07 and 48A.08, in addition to all other powers granted by law, upon complying with the conditions and requirements of those sections, and receiving the approval of the commissioner of commerce, who may grant or reject, in the commissioner's judgment, the application of any bank to acquire trust authority, and in doing so shall take into consideration the following factors:

(1) the needs of the community for trust service of the kind applied for and the probable volume of such trust business available to the bank;

(2) the general condition of the bank, particularly the adequacy of its net capital and surplus funds in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, including the proposed exercise of trust powers;

(3) the general character and ability of the management of the bank;

(4) the nature of the supervision to be given to the proposed trust activities, including the qualifications and experience of the members of the proposed trust investment committee;

(5) the qualifications, experience, and character of the proposed executive officer or officers of the trust department;

(6) whether the bank has available competent legal counsel to advise and pass upon trust matters whenever necessary; and

(7) any other facts and circumstances that seem proper.

Subd. 2. **Filing fee.** The application required under subdivision 1 shall be in the form prescribed by the commissioner and shall be accompanied with a $250 filing fee, which shall be deposited into the general fund.

History: *(7662) 1923 c 274 s 2; 1959 c 88 s 12; 1965 c 171 s 18; 1977 c 272 s 9; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1998 c 331 s 4*

48.37 CERTIFICATES FROM COMMISSIONER.

In order to exercise the powers herein conferred, any such bank shall invest and keep invested in one or more of the first, second, third, fourth, seventh, and eighth classes of authorized securities, at least 25 percent of its capital, which securities in the amounts above provided shall be duly assigned, transferred to, and deposited with the commissioner provided, however, that no bank and trust shall be required to deposit securities in excess of $1,000,000, and shall be maintained unimpaired as a guaranty fund for the integrity of its trusts and for the faithful discharge of its duties, in connection therewith, with the right to the bank to collect the income thereof and to substitute other like authorized securities of equal amount and value. The commissioner shall carefully examine the securities offered for deposit and, if they comply with all the provisions of law applicable thereto, and, if the bank making such deposit shall possess the qualifications stated in section 48.36, shall issue to the bank a certificate stating that it is qualified to exercise the powers herein conferred, and, upon the issuance of this certificate and while the same remains in force, the bank may exercise the powers and privileges conferred by sections 48A.07 and 48A.08.

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

History: *(7662) 1923 c 274 s 2; 1977 c 272 s 10; 1986 c 444; 1998 c 331 s 5*

48.38 [Repealed, 1998 c 331 s 41]

48.39 TRUST ACCOUNTS RECORDED.

Besides its general books of account, it shall keep separate books of account for all fiduciary accounts. All funds and property held by it in a fiduciary capacity shall at all times be kept separate from its own funds and property, and all fiduciary funds deposited or held as fiduciary by the bank awaiting investment shall

be carried in a separate account, and shall not be used by the bank in the conduct of its business, unless the bank, under authorization by its board of directors, first delivers to the commissioner of commerce, as collateral security: (1) bonds, notes, bills, certificates of indebtedness or other direct obligations of the United States or its instrumentalities, or obligations fully guaranteed by the United States as to principal and interest; or (2) other readily marketable securities of the classes in which said trust companies or state banks exercising trust powers are authorized or permitted to invest trust funds under the laws of this state. The securities so deposited as collateral shall be owned by the bank and shall at all times be at least equal in market value to the amount of the trust funds so used in the conduct of the bank's business, and all deposits made by it of such funds in any other banking institutions shall be deposited as fiduciary funds, to its credit as fiduciary, and not otherwise. Every security or property in which the funds held by it as trustee, personal representative, guardian, conservator, receiver, or assignee, or in any other fiduciary capacity are invested, shall at once upon receipt thereof be immediately entered in the proper books as belonging to the particular fiduciary account whose funds have been invested therein. Any change in such investment shall be fully specified in and under the account of the particular fiduciary account to which it belongs so that all fiduciary funds and property can be readily identified at any time by any person. It shall be unlawful for any bank to lend any officer, director or employee any funds held as fiduciary under the powers conferred by section 48.37. Any officer, director or employee to whom such a loan is made shall be guilty of theft of the amount of such loan from the time of the making thereof. Any state bank, when acting in a fiduciary capacity, either alone or jointly with an individual or individuals, may, with the consent of such individual fiduciary or fiduciaries, who are hereby authorized to give such consent, cause any stocks, securities, or other property now held or hereafter acquired in such capacity to be registered and held in the name of a nominee or nominees of such state bank without mention of the fiduciary relationship. Any such state bank shall be liable for any loss occasioned by the acts of any of its nominees with respect to such stocks, securities or other property so registered.

History: *(7664) 1923 c 274 s 4; 1943 c 338 s 1; 1957 c 311 s 1; 1965 c 35 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1998 c 331 s 6; 1999 c 171 s 5*

48.40 SUBJECT TO ORDERS OF COURT.

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

History: *(7665) 1923 c 274 s 5; 1986 c 444*

48.41 CORPORATE NAME.

Any such bank which has qualified and obtained a certificate, as provided in section 48.37, may use in its corporate name or title, in addition to the word "bank" or other words now permitted by law, the words "trust" or "trust company," and may display and make use of signs, symbols, tokens, letterheads, cards, circulars and advertisements stating or indicating that it is authorized to transact the business authorized by said sections, and any such bank using the words "trust" or "trust company" is not required to use the word "state" in its corporate name.

History: *(7666) 1923 c 274 s 6; 1998 c 331 s 7*

48.42 BANK MAY BE DESIGNATED AS SAVINGS BANK.

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

History: *(7667) 1923 c 274 s 7; 1998 c 331 s 8*

48.43 BANK MAY CEASE OPERATIONS; DUTIES OF COMMISSIONER.

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

History: *(7668) 1923 c 274 s 8; 1986 c 444; 1998 c 331 s 9*

48.44 BANK MAY ORGANIZE AS TRUST COMPANY.

Hereafter state banks which may be organized in the manner now provided by law may be organized with the additional authority to exercise the fiduciary powers and privileges set out in sections 48A.07 and 48A.08; provided, that the capital and surplus of any such bank shall not be less than $500,000.

History: *(7661-1) 1931 c 267 s 1; 1969 c 772 s 5; 1977 c 272 s 11; 1998 c 331 s 10*

48.45 CORPORATE NAMES.

A bank with the additional authority provided for in sections 48A.07 and 48A.08 may be organized with a corporate name which may include the words "trust" or "trust company," in addition to the word "bank"

or other words now permitted by law, and the word "state" shall not be a required part of the corporate name of any such state bank.

History: *(7661-2) 1931 c 267 s 2; 1998 c 331 s 11*

48.46 AUTHORIZED SECURITIES PURCHASED.

No state bank hereafter organized with authority to exercise fiduciary powers pursuant to the provisions of sections 48A.07 and 48A.08, the corporate name of which contains the words "trust" or "trust company," shall transact any banking or trust company business until it shall have invested in and assigned, transferred to, and deposited with the commissioner the authorized securities described in and required by section 48.37, relating to the authorization of existing state banks to exercise such fiduciary powers, and until the commissioner of commerce has issued the certificate provided by section 47.16, and a certificate stating that such bank is qualified to exercise the fiduciary powers set forth in sections 48A.07 and 48A.08.

History: *(7661-3) 1931 c 267 s 3; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1998 c 331 s 12*

48.47 BANKING AND TRUST COMPANY BUSINESS.

After the application of the corporation shall have been favorably acted on by the department in compliance with sections 46.041 to 46.044, and upon compliance with the terms hereof and the issuance of such certificates, the bank may commence the transaction of banking and trust company business and may exercise, in addition to all the powers and privileges conferred by law on state banks, the powers and privileges set forth in sections 48A.07 and 48A.08, and the bank shall thereafter comply with and be subject to all of the provisions of law relating to state banks exercising such fiduciary powers and privileges.

History: *(7661-4) 1931 c 267 s 4; 1994 c 382 s 6; 1998 c 331 s 13*

48.475 [Repealed, 1998 c 331 s 41]

48.476 [Repealed, 1998 c 331 s 41]

48.48 REPORTS TO COMMISSIONER.

Subdivision 1. **Submission and publication.** At least four times in each year, and at any other time when so requested by the commissioner, every bank or trust company shall, within 30 days of the date of notice, make and transmit to the commissioner or to the commissioner's designee, in a form the commissioner prescribes, a report, attested to in the official minutes of its directors, stating in detail, under appropriate heads, as required by the commissioner, its assets and liabilities at the close of business on the day specified in the request. The commissioner may accept a report made to a federal authority having supervision of banks or trust companies in fulfilling this requirement. That portion of the report constituting the statement of assets, liabilities, and capital and statement of income and expenses must be made available to the public within 45 days of the notice at every location of the bank or trust company including detached facilities and trust service offices.

Subd. 2. **Penalties for late submission.** For failure to send these reports to the commissioner or to the commissioner's designee in the time specified, a bank or trust company shall forfeit to the state the sum of $25 for each day of delay and shall pay the accumulated sum to the commissioner upon a formal demand for payment by the commissioner. If it appears that a report was transmitted by a bank or trust company on or before the end of the 30-day period, the commissioner shall waive any forfeit. In the event it does not appear that a report was timely transmitted, the commissioner may nevertheless waive forfeit upon a showing

by the bank or trust company to the satisfaction of the commissioner that failure to send the reports was the result of causes beyond the control of the bank or trust company.

History: *(7674) RL s 2990; 1949 c 35 s 1; 1951 c 65 s 1; 1961 c 298 s 3; 1963 c 153 s 8; 1979 c 98 s 1; 1981 c 220 s 11; 1982 c 473 s 13; 1984 c 543 s 2; 1984 c 576 s 14,15; 1986 c 444; 1989 c 166 s 7; 1995 c 202 art 2 s 16,17*

48.49 BOOKS TO BE KEPT.

Every such bank shall open and keep such books and accounts as the commissioner may prescribe, for the purpose of keeping accurate and convenient records of its transactions.

History: *(7675) RL s 2991; 1995 c 202 art 2 s 18*

48.50 [Repealed, 2012 c 142 s 3]

48.51 [Repealed, 2012 c 142 s 3]

48.511 [Repealed, 1983 c 225 s 11]

48.512 PROCEDURES FOR OPENING CHECKING ACCOUNTS.

Subdivision 1. **Definitions.** For the purpose of this section the following terms have the meanings given:

(a) "Financial intermediary" means any person doing business in this state who offers transaction accounts to the public.

(b) "Transaction account" means a deposit or account established and maintained by a natural person or persons under an individual or business name for personal, household, or business purposes, on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, or other similar device for the purpose of making payments or transfers to third persons or others, including demand deposits or accounts subject to check, draft, negotiable order of withdrawal, share draft, or other similar item. A transaction account does not include the deposit or account of a partnership having more than three partners, the personal representative of an estate, the trustee of a trust or a limited partnership.

Subd. 2. **Required information.** Before opening or authorizing signatory power over a transaction account, a financial intermediary shall require one applicant to provide the following information on an application document signed by the applicant:

(a) full name;

(b) birth date;

(c) address of residence;

(d) address of current employment, if employed;

(e) telephone numbers of residence and place of employment, if any;

(f) Social Security number;

(g) driver's license or identification card number issued pursuant to section 171.07. If the applicant does not have a driver's license or identification card, the applicant may provide an identification document

number issued for identification purposes by any state, federal, or foreign government if the document includes the applicant's photograph, full name, birth date, and signature;

(h) whether the applicant has had a transaction account at the same or another financial intermediary within 12 months immediately preceding the application, and if so, the name of the financial intermediary;

(i) whether the applicant has had a transaction account closed by a financial intermediary without the applicant's consent within 12 months immediately preceding the application, and if so, the reason the account was closed; and

(j) whether the applicant has been convicted of a criminal offense because of the use of a check or other similar item within 24 months immediately preceding the application.

A financial intermediary may require an applicant to disclose additional information.

An applicant who makes a false material statement that the applicant does not believe to be true in an application document with respect to information required to be provided by this subdivision is guilty of perjury. The financial intermediary shall notify the applicant of the provisions of this paragraph.

Subd. 3. **Confirm no involuntary closing.** (a) Before opening or authorizing signatory power over a transaction account, the financial intermediary shall attempt to verify the information disclosed for subdivision 2, clause (i). Inquiries made to verify this information through persons in the business of providing such information must include an inquiry based on the applicant's identification number provided under subdivision 2, clause (g).

(b) The financial intermediary may not open or authorize signatory power over a transaction account if (i) the applicant had a transaction account closed by a financial intermediary without consent because of issuance by the applicant of dishonored checks within 12 months immediately preceding the application, or (ii) the applicant has been convicted of a criminal offense because of the use of a check or other similar item within 24 months immediately preceding the application. This paragraph does not apply to programs designed to expand access to financial services to individuals who do not possess a transaction account.

(c) If the transaction account is refused pursuant to this subdivision, the reasons for the refusal shall be given to the applicant in writing and the applicant shall be allowed to provide additional information.

Subd. 4. **Identification is required.** A financial intermediary shall not open or authorize signatory power over a transaction account if none of the applicants provides a driver's license, identification card, or identification document as required by subdivision 2. If the applicant provides a driver's license or identification card issued under section 171.07, the financial intermediary must confirm the identification number and name on that card through the records of the department of public safety. The financial intermediary need not confirm this information if the checking account applicant presents a driver's license impervious to alteration as is reasonably practicable in the design and quality of material and technology. The financial intermediary need not confirm this information if an employee of the financial intermediary has known the identity of the applicant for at least one year prior to the time of the application, and the employee provides a signed statement confirming that fact. When a minor is the applicant and the minor does not have a driver's license or identification card issued pursuant to section 171.07, the identification requirements of subdivision 2, clause (g), and this subdivision are satisfied if the minor's parent or guardian provides identification of that person's own that meets the identification requirement. The financial intermediary may waive the identification requirement if the applicant has had another type of account with the financial intermediary for at least one year immediately preceding the time of application.

Subd. 4a. **Identification not required for debit card transactions.** The identification requirements of subdivision 4 do not apply to a transaction account that is accessible exclusively by debit card. A debit card activates a transaction account at a financial intermediary by means of an electronic information processing device and contemporaneously completes the debt to the account only on the condition that funds are available and confirmed.

Subd. 5. **No liability.** The requirements of this section do not impose any liability on financial intermediaries offering transaction accounts or, except as provided in subdivisions 3 and 4, limit a financial intermediary's discretion as to whether to grant or deny an application subject to this section. This subdivision does not exempt a financial intermediary from civil penalties imposed under section 45.027.

Subd. 6. [Repealed, 1995 c 202 art 4 s 25]

Subd. 7. **Transaction account service charges and charges relating to dishonored checks.** (a) The establishment of transaction account service charges and the amounts of the charges not otherwise limited or prescribed by law or rule is a business decision to be made by each financial intermediary according to sound business judgment and safe, sound financial institution operational standards. In establishing transaction account service charges, the financial intermediary may consider, but is not limited to considering:

(1) costs incurred by the institution, plus a profit margin, in providing the service;

(2) the deterrence of misuse by customers of financial institution services;

(3) the establishment of the competitive position of the financial institution in accordance with the institution's marketing strategy; and

(4) maintenance of the safety and soundness of the institution.

(b) Transaction account service charges must be reasonable in relation to these considerations and should be arrived at by each financial intermediary on a competitive basis and not on the basis of any agreement, arrangement, undertaking, or discussion with other financial intermediaries or their officers.

(c) A financial intermediary may not impose a service charge in excess of $10 for a dishonored check on any person other than the issuer of the check.

Subd. 8. **Check labeling.** A person providing printed checks for a transaction account shall print the month and year that the original order was received or the month and year that appears on the facsimile of the check from which the new checks are produced, unless the applicant has an existing account in good standing or a previous account in good standing within the past five years that was voluntarily closed. This subdivision no longer applies after the account has been open and in good standing for one year.

Subd. 9. **Powers affecting checking accounts; other financial information.** The commissioner of commerce may exercise the powers authorized under section 45.027 if the commissioner has reason to believe that a financial intermediary or drawer has failed to:

(1) comply with the verification requirements of subdivision 2, 3, or 4; or

(2) release information as required under section 609.535, subdivision 7.

Subd. 10. **Federal law compliance.** In lieu of the identification rules in subdivision 2, a financial intermediary may choose to comply with the federal customer identification standards set forth in United

States Code, title 31, section 5318, and its implementing regulation, Code of Federal Regulations, title 31, section 103.121, as amended from time to time.

History: *1983 c 225 s 5; 1984 c 436 s 32; 1984 c 576 s 12; 1986 c 339 s 3; 1986 c 444; 1989 c 129 s 1; 1991 c 256 s 1-6; 1992 c 587 art 1 s 15; 1997 c 157 s 27; 2005 c 118 s 5; 2021 c 21 s 1-3*

48.513 FINANCIAL INTERMEDIARY FEES.

A financial intermediary may charge a fee for the assembly, production, and copying of records requested under chapter 13A, not to exceed the schedule established from time to time by the Federal Reserve System under Regulation S, Code of Federal Regulations, title 12, part 219, except that a fee may not be imposed if the records are requested by a law enforcement agency or prosecuting authority. This section does not apply to requests made under section 609.535. For purposes of this section, "financial intermediary" has the meaning given in section 48.512, subdivision 1.

History: *1991 c 256 s 7*

48.515 [Repealed, 1965 c 811 art 10 s 336.10-102]

48.518 [Repealed, 1965 c 811 art 10 s 336.10-102]

48.521 [Repealed, 1969 c 725 s 32]

48.522 [Repealed, 1969 c 725 s 32]

48.523 [Repealed, 1969 c 725 s 32]

48.524 [Repealed, 1969 c 725 s 32]

48.525 [Repealed, 1969 c 725 s 32]

48.526 [Repealed, 1969 c 725 s 32]

48.527 [Repealed, 1969 c 725 s 32]

48.528 [Repealed, 1969 c 725 s 32]

48.53 [Repealed, 1943 c 620 s 9]

48.54 [Repealed, 1943 c 620 s 9]

48.55 [Repealed, 1943 c 620 s 9]

48.56 BANKING INSTITUTION MAY USE FEDERAL BANKING LAWS.

Subdivision 1. **General powers.** The board of directors of a banking institution may enter into a contract, incur an obligation, or generally do what is necessary or appropriate to make use of United States Code, title 12, section 1811, or any act or resolution of Congress enacted or resolved to aid, regulate, or safeguard banking institutions and their depositors.

Subd. 2. **General rights and privileges.** Memberships, loans, subscriptions, contracts, grants, rights, or privileges that, under the act or resolution, are available to or enure to banking institutions, or their depositors, creditors, stockholders, receivers, or liquidators may be taken advantage of under this section.

Subd. 3. **Purchase of FDIC securities.** The board may subscribe for and acquire securities of the Federal Deposit Insurance Corporation.

Subd. 4. **Complying with FDIC requirements.** The board may comply with the corporation's requirements.

History: *(7658-7) 1935 c 319 s 2; 2000 c 427 s 7*

48.57 [Repealed, 1Sp1985 c 13 s 376]

48.58 [Repealed, 1Sp1985 c 13 s 376]

48.59 Subdivision 1. MS 2002 [Renumbered 48.59, para (a)]

Subd. 2. MS 2002 [Renumbered 48.59, para (b)]

Subd. 3. MS 2002 [Renumbered 48.59, para (c)]

48.59 COMMISSIONER MAY ACCEPT EXAMINATIONS AND REPORTS OF CORPORATION.

(a) The commissioner may accept, in lieu of any examination authorized by the laws of this state to be conducted by the department of a banking institution, the examination that may have been made of same within a reasonable period by the Federal Deposit Insurance Corporation, or the Federal Reserve Bank, provided a copy of this examination is furnished to the commissioner. The commissioner also has the discretionary authority to accept any report relative to the condition of a banking institution which may have been obtained by the corporation within a reasonable period, in lieu of a report authorized by the laws of this state to be required of the institution by the department, provided a copy of this report is furnished to the commissioner.

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

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

History: *(7658-9) 1935 c 319 s 4; 1957 c 601 s 20; 1986 c 444*

48.591 CLIMATE RISK DISCLOSURE SURVEY.

Subdivision 1. **Requirement.** By July 30 each year, a banking institution with more than $1,000,000,000 in assets must submit a completed climate risk disclosure survey to the commissioner. The commissioner must provide the form used to submit a climate risk disclosure survey.

Subd. 2. **Data.** Data submitted to the commissioner under this section are public, except that trade secret information is nonpublic under section 13.37.

History: *2023 c 57 art 3 s 12*

48.60 [Repealed, 1987 c 349 art 1 s 40]

48.605 STATE BANKS, EMPLOYEE STOCK OPTION AND STOCK PURCHASE PLANS.

Subdivision 1. **Authority and terms.** Any state bank may grant options to purchase, sell, or enter into agreements to sell shares of its capital stock to its employees, for a consideration of not less than 100 percent of the fair market value of the shares on the date the option is granted or, if pursuant to a stock purchase plan, 85 percent of the fair market value on the date the purchase price is fixed, pursuant to the terms of an employee restricted stock option plan or employee stock purchase plan which has been adopted by the board of directors of the bank and approved by the holders of at least three-fourths of the outstanding shares of the bank entitled to vote and by the commissioner of commerce. Stock options issued hereunder shall not extend beyond a period of ten years from date of issuance and shall otherwise qualify as restricted stock options under the Internal Revenue Code, and acts amendatory thereof.

Subd. 2. **Exercise or purchase.** Employee stock options and stock purchase agreements may provide that options may be exercisable or that shares may be purchased on any business day.

Subd. 3. **Capital stock increase.** Any state bank to carry out the provisions of this section, may increase its capital stock as provided by law and upon approval of the commissioner of commerce as provided by Minnesota Statutes 1961, section 48.04, except that the provisions of said section requiring the entire new capital to be immediately paid in cash shall not apply. Notwithstanding any law to the contrary the bank may hold such authorized but unissued new capital stock but only for the purpose of disposing of the same by the issuing of shares to its employees as authorized by this section. All proceeds from the issuance and sale of such shares shall be paid into the capital and surplus of the bank. Stock and options issued pursuant to this section shall not increase the capital or surplus of the bank until the stock is paid for in full in cash and certified to the commissioner.

History: *1965 c 369 s 1; 1969 c 6 s 8; 1983 c 216 art 1 s 14; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92*

48.61 AUTHORIZED INVESTMENTS FOR STATE BANKS AND TRUST COMPANIES.

Subdivision 1. **Agricultural credit corporations.** Any bank or trust company organized under the laws of this state is authorized to invest not to exceed 20 percent of its capital and surplus in the capital stock of any agricultural credit corporation organized under the laws of this state, and entitled to discount privileges with any federal intermediate bank organized under the laws of the United States.

Subd. 2. **Small business investment companies.** Any such bank or trust company may invest not to exceed five percent of its capital and surplus in shares of stock in small business investment companies organized under the provisions of the Small Business Investment Act of 1958.

Subd. 3. **Banks or bank holding companies.** The bank or trust company may invest an amount not to exceed ten percent of its capital and surplus in shares of stock in any banks or bank holding companies wherein the stock of the banks or bank holding companies is owned exclusively by bank holding companies or banks.

Subd. 4. **Limited partnerships, limited liability companies, corporations, or community welfare projects.** Any such bank or trust company may make equity or debt investments in limited partnerships, limited liability companies, corporations, or projects designed primarily to promote community welfare, such as the rehabilitation or development of economically depressed residential, commercial, or industrial areas. A bank or trust company investment in any one limited partnership, limited liability company, corporation, or project shall not exceed five percent of its capital and surplus and its aggregate investment

in all such limited partnerships, limited liability companies, corporations, or projects shall not exceed ten percent of its capital and surplus.

Subd. 5. **Investment companies.** In the absence of an express provision to the contrary, whenever any statute, rule, charter, trust indenture, authorizing resolution, or other instrument governing the investment of funds of a banking institution, as defined in section 48.01, subdivision 2, directs, requires, authorizes, or permits direct investment in certain obligations, investment in these obligations may be made either directly or in the form of securities of, or other interests in, an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933.

Shares of investment companies whose portfolios contain investments which are subject to limits under other state law or rule as direct investments may only be held in an amount not in excess of 20 percent of the banks' capital stock and paid in surplus in each such investment company. These obligations shall be carried at the lower of cost or market on the banks' books and adjusted to market on a quarterly basis.

Subd. 6. **Federal Agricultural Mortgage Corporation.** Any bank may invest in the voting stock of the Federal Agricultural Mortgage Corporation created pursuant to the Agricultural Credit Act of 1987, Public Law 100-233, in an amount not to exceed the greater of ten percent of the bank's capital and surplus or the amount required by the Federal Agricultural Mortgage Corporation for the bank to qualify for its participation in the corporation's programs.

Subd. 7. **Subsidiaries.** (a) A state bank or trust company may organize, acquire, or invest in a subsidiary located in this state for the purposes of engaging in one or more of the following activities, subject to the prior written approval of the commissioner:

(1) any activity, not including receiving deposits or paying checks, that a state bank is authorized to engage in under state law or rule or under federal law or regulation unless the activity is prohibited by the laws of this state;

(2) any activity that a bank clerical service corporation is authorized to engage in under section 48.89; and

(3) any other activity authorized for a national bank, a bank holding company, or a subsidiary of a national bank or bank holding company under federal law or regulation of general applicability, and approved by the commissioner.

(b) A bank or trust company subsidiary may engage in an activity under this section only upon application together with a filing fee of $250 and with the prior written approval of the commissioner. In approving or denying a proposed activity, the commissioner shall consider the financial and management strength of the bank or trust company, the current written operating plan and policies of the proposed subsidiary corporation, the bank or trust company's community reinvestment record, and whether the proposed activity should be conducted through a subsidiary of the bank or trust company.

(c) The aggregate amount of funds invested in either an equity or loan capacity in all of the subsidiaries of the bank or trust company authorized under this subdivision shall not exceed 50 percent of the capital stock and paid in surplus of the bank or trust company.

(d) A subsidiary organized or acquired under this subdivision is subject to the examination and enforcement authority of the commissioner under chapters 45 and 46 to the same extent as a state bank or trust company.

(e) For the purposes of this section, "subsidiary" means a corporation of which at least 20 percent of the voting shares are owned or controlled by the bank or trust company.

Subd. 8. **Parity with national banks.** A state bank or trust company may invest in any securities that are authorized investments for national banks on May 27, 1989, subject to the same restrictions as apply to national banks. The commissioner may authorize a state bank or trust company to invest in any securities that become authorized investments for national banks after May 27, 1989, subject to the same restrictions as apply to national banks. This authority is in addition to the investment authority granted to state banks under other provisions of state law.

Subd. 9. **Merger with subsidiaries; authority.** (a) Notwithstanding any other law to the contrary, a bank may merge a subsidiary authorized and established according to this section into itself if it owns 100 percent of the outstanding voting stock.

(b) A merger of a subsidiary authorized by subdivision 1 must conform to the procedures in section 302A.621.

(c) Before filing the articles of merger with the secretary of state, the merger plan must be filed with and approved in writing by the commissioner who shall determine that:

(1) the provisions of section 302A.621 are followed; and

(2) the merger will not have an undue adverse effect on the safety and soundness of the bank.

Subd. 10. **Subsidiaries organized for purposes of corporate reorganization.** A subsidiary may be organized solely for purposes of liquidating assets in a reorganization subject to the following conditions:

(1) the subsidiary must be a bank holding company whose assets and liabilities and subsidiary bank control have been removed; and

(2) the operations of the subsidiary must be limited to the time period reasonably related to the completion of the reorganization.

History: *(7677-1) 1935 c 174; 1963 c 153 s 9; 1969 c 772 s 6; 1974 c 421 s 1; 1980 c 445 s 1; 1981 c 116 s 1; 1982 c 632 s 2; 1985 c 187 s 1; 1985 c 248 s 70; 1987 c 349 art 1 s 17,18; 1988 c 631 s 4; 1989 c 129 s 2; 1989 c 341 art 2 s 1; 1993 c 257 s 21-23; 1995 c 202 art 1 s 10; art 2 s 19; 1997 c 157 s 28,29; 2001 c 56 s 6; 2020 c 95 s 1*

48.611 [Repealed, 1995 c 202 art 1 s 26]

48.62 BANK MAY ISSUE NOTES OR DEBENTURES.

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

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

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

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

Any required reserve established for the retirement of capital notes or debentures may be considered as surplus, and the term "surplus" in any laws of this state pertaining to state banks shall be deemed to include such reserve, if an agreement is filed with the commissioner to transfer such reserve to surplus upon the request of the commissioner after the capital notes or debentures have matured.

History: *(7697-7) 1935 c 305 s 1; 1967 c 102 s 9*

48.63 SECURITY FOR DEPOSITS NOT REQUIRED.

Notwithstanding any provisions of law of this state requiring security for deposits in any bank or trust company in the form of collateral, surety bond or any other form, security for such deposits shall not be required to the extent the deposits are insured under the provisions of section 12B of the Federal Reserve Act, as amended (Mason's United States Code Annotated, title 12, section 264), or any amendments thereto.

History: *(7697-8) 1935 c 317 s 1*

48.64 DEPOSITS OF TRUST FUNDS.

Any person, firm, or corporation appointed by a court of competent jurisdiction as representative of the estate of a deceased person, or as guardian or conservator, or any trustee of a firefighters' relief association, or any referee, receiver, or trustee appointed by a court of record in this state, may deposit funds for safekeeping and disbursing, unless otherwise directed by the court, in any bank, credit union, if the beneficial owner is a member, or trust company, however organized, the deposits of which are insured, in whole or in part, by an agency of the federal government insuring deposits, to the extent that the funds so deposited are fully insured.

History: *(7697-9) 1937 c 318 s 1; 1977 c 429 s 63; 1986 c 444; 1993 c 257 s 24; 1999 c 171 s 5*

48.65 [Repealed, 1998 c 331 s 41]

48.66 [Repealed, 1998 c 331 s 41]

48.67 [Repealed, 1998 c 331 s 41]

48.68 [Repealed, 1998 c 331 s 41]

48.69 [Repealed, 1998 c 331 s 41]

48.70 [Repealed, 1998 c 331 s 41]

48.71 [Repealed, 1998 c 331 s 41]

48.72 [Repealed, 1998 c 331 s 41]

48.73 [Repealed, 1998 c 331 s 41]

48.74 FUNDS AND PROPERTY HELD IN FIDUCIARY CAPACITY.

Besides its general books of account, it shall keep separate books for all fiduciary accounts. All funds and property held by it in a fiduciary capacity shall at all times be kept separate from its own funds and property, and all fiduciary funds deposited or held as fiduciary by the bank awaiting investment shall be carried in a separate account, and shall not be used by the bank in the conduct of its business, unless the bank, under authorization by its board of directors, first delivers to the commissioner of commerce, as collateral security: (1) Bonds, notes, bills, certificates of indebtedness, or other direct obligations of the United States or its instrumentalities, or obligations fully guaranteed by the United States as to principal and interest; or (2) other readily marketable securities of the classes in which said trust companies or state banks exercising trust powers are authorized or permitted to invest trust funds under the laws of this state. Every security or property in which the funds held by it as trustee, personal representative, guardian, conservator, receiver, or assignee, or in any other fiduciary capacity are invested, shall at once upon receipt thereof be immediately entered in the proper books as belonging to the particular fiduciary account whose funds have been invested therein. Any change in such investment shall be fully specified in and under the account of the particular fiduciary account to which it belongs, so that all fiduciary funds and property can be readily identified at any time, by any person. Any trust company incorporated under the laws of this state and any national banking association authorized to act in a fiduciary capacity in this state, when acting in a fiduciary capacity, either alone or jointly with an individual or individuals, may, with the consent of such individual fiduciary or fiduciaries, who are hereby authorized to give such consent, cause any stocks, securities, or other property now held or hereafter acquired in such capacity to be registered and held in the name of a nominee or nominees of such corporate fiduciary without mention of the fiduciary relationship. Any such corporate fiduciary shall be liable for any loss occasioned by the acts of any of its nominees with respect to such stocks, securities or other property so registered.

History: *(7739) RL s 3044; 1943 c 339 s 1; 1959 c 88 s 14; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1999 c 171 s 5*

48.75 [Repealed, 1998 c 331 s 41]

48.76 [Repealed, 1998 c 331 s 41]

48.77 [Repealed, 1998 c 331 s 41]

48.78 [Repealed, 1998 c 331 s 41]

48.79 [Repealed, 1998 c 331 s 41]

48.80 [Repealed, 1998 c 331 s 41]

48.81 [Repealed, 1998 c 331 s 41]

48.82 [Repealed, 1998 c 331 s 41]

48.83 [Repealed, 1998 c 331 s 41]

48.84 [Repealed, 1998 c 331 s 41]

48.841 [Repealed, 1998 c 331 s 41]

48.845 [Repealed, 1998 c 331 s 41]

48.846 [Repealed, 1998 c 331 s 41]

48.85 [Repealed, 1998 c 331 s 41]

48.86 [Repealed, 1998 c 331 s 41]

48.87 [Repealed, 1Sp1985 c 13 s 376]

48.88 VIOLATIONS; PENALTIES.

Subdivision 1. **Criminal penalty.** Any officer or employee of a bank or trust company who violates the provisions of sections 48.15 and 48.16 to 48.20, or who consents thereto or connives thereat, shall be guilty of a gross misdemeanor.

Subd. 2. [Repealed, 1994 c 382 s 15]

History: *(7699-13 1/2a, 7699-19) 1927 c 257 s 6; 1929 c 144 s 2; 1Sp1981 c 4 art 2 s 5*

CLERICAL SERVICES

48.89 CLERICAL SERVICE CORPORATION.

Subdivision 1. **Definitions.** For the purposes of this section the following terms defined in this subdivision have the meanings given them.

(a) The term "commissioner" means the commissioner of commerce.

(b) The term "clerical services" means services such as check and deposit, sorting and posting, computation and posting of interest and other credits and charges, preparation and mailing of checks, statements, notices, and similar items, or any other clerical, bookkeeping, accounting, statistical, or similar functions performed for a bank.

(c) The term "clerical service corporation" means a corporation organized as a business corporation to perform clerical services for two or more banks, each of which owns part of the capital stock of such corporation.

(d) The term "invest" includes any advance of funds to a clerical service corporation, whether by the purchase of stock, the making of a loan, or otherwise, except a payment for rent earned, goods sold and delivered, or services rendered prior to the making of such payment.

(e) The term "banks" is defined as prescribed in section 46.046.

Subd. 2. **Bank investment in stock and loans.** (a) No limitation or prohibition otherwise imposed by any provision of state law exclusively relating to banks shall prevent any two or more banks from investing not more than ten percent of the paid-in and unimpaired capital and unimpaired surplus of each of them in a clerical service corporation if in stock of such a corporation and 15 percent of unimpaired capital and unimpaired surplus if in the making of a loan or extending credit to such a corporation. In no event shall the aggregate of the investments in stock and loans exceed 15 percent of the unimpaired capital and unimpaired surplus of the investing bank.

(b) If stock in a clerical service corporation has been held by two banks, and one of such banks ceases to utilize the services of the corporation and ceases to hold stock in it, and leaves the other as the sole stockholding bank, the corporation may nevertheless continue to function as such and the other bank may continue to hold stock in it.

Subd. 3. **Duty to supply services.** Whenever a bank, referred to in this section as an "applying bank," applies for a type of clerical services for itself from a clerical service corporation which supplies the same type of clerical services to another bank, and the applying bank is competitive with any bank, referred to in this section as a "stockholding bank," which holds stock in such corporation, the corporation must offer to supply such services by either:

(1) issuing stock to the applying bank and furnishing clerical services to it on the same basis as to the other banks holding stock in the corporation; or

(2) furnishing clerical services to the applying bank at rates no higher than necessary to fairly reflect the cost of such services, including the reasonable cost of the capital provided to the corporation by its stockholders,

at the corporation's option, unless comparable services at competitive overall cost are available to the applying bank from another source, or unless the furnishing of the services sought by the applying bank would be beyond the practical capacity of the corporation. In any action or proceeding to enforce the duty imposed by this section, or for damages for the breach thereof, the burden shall be upon the clerical service corporation to show such availability.

Subd. 4. **Limitation on activity.** No clerical service corporation may engage in any activity other than the performance of clerical services for banks.

Subd. 5. **Assurances to commissioner.** No bank may cause to be performed, by contract or otherwise, any clerical services for itself from a clerical service corporation or any other person, whether on or off its premises, unless assurances satisfactory to the commissioner are furnished to the commissioner by both the bank and the party performing such services that the performance thereof will be subject to regulation and examination by the commissioner to the same extent as if such services were being performed by the bank itself on its own premises.

Subd. 6. **Corporation not considered branch.** A clerical service corporation shall not be considered a branch of any bank owning shares in such corporation.

History: *1963 c 140 s 1; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1985 c 248 s 19; 1992 c 587 art 1 s 16*

48.892 CLERICAL SERVICES OFFICES.

A bank may perform clerical services, as defined in section 48.89, subdivision 1, for itself at an off-premises data processing and storage center located within the state if the bank furnishes assurances satisfactory to the commissioner that the performances of those services will be subject to regulation and examination by the commissioner to the same extent as if the services were being performed at the bank's main office or detached facility. A data processing and storage center is not considered a branch or detached facility, as defined in section 47.51. The establishment of a data processing and storage center may include acquiring real and personal property, which shall be subject to section 47.10.

History: *1989 c 129 s 3*

INTERSTATE BANKING

48.90 LEGISLATIVE INTENT.

Subdivision 1. **Express intent.** It is the express intention of the Minnesota legislature to act pursuant to the United States Code, title 12, section 1842(d), as amended by title I of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 to provide for interstate banking on a nationwide basis and to preserve certain state law, policy, and practices.

Subd. 2. **Nonaffected activities.** Laws 1986, chapter 339 should not be construed to limit the power granted to a bank in this state to conduct its business or to limit the conduct of business by any bank holding company in which the operation of its banking subsidiaries are principally conducted in this state.

Subd. 3. **Prohibited activities.** Laws 1986, chapter 339 does not authorize:

(1) the establishment in this state of branch offices of a banking subsidiary of any out-of-state bank holding company making an acquisition pursuant to Laws 1986, chapter 339 if the banking subsidiary does not have its principal place of business in this state; or

(2) the establishment in this state of branch offices of a bank having its principal place of business in this state unless authorized by sections 47.51 to 47.57.

History: *1986 c 339 s 4; 1995 c 202 art 4 s 7*

48.91 TITLE.

Sections 48.90 to 48.99 may be cited as the "Interstate Banking Act."

History: *1986 c 339 s 5; 1995 c 202 art 4 s 8*

48.92 DEFINITIONS.

Subdivision 1. **Terms.** When used in sections 48.90 to 48.99, the terms defined in this section have the meanings given them, unless their context requires a different meaning.

Subd. 2. **Control.** "Control," with respect to a bank holding company, bank, or bank to be organized pursuant to chapters 46, 47, 48, and 300, means that term as defined in section 46.048, subdivision 1.

Subd. 3. **Bank.** "Bank" means any bank, or bank and trust company which is now or may hereafter be organized under the laws of this state that is an insured institution as the term is defined in section 3(h) of the Federal Deposit Insurance Act, United States Code, title 12, section 1813(h), that:

(1) accepts deposits that the depositor has a legal right to withdraw on demand; and

(2) engages in the business of making commercial loans.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of commerce of the state of Minnesota.

Subd. 5. **Department.** "Department" means the Department of Commerce of the state of Minnesota.

Subd. 6. **Home state.** "Home state" means: (1) with respect to a national bank, the state in which the main office of the bank is located; (2) with respect to a state bank, the state by which the bank is chartered; and (3) with respect to a bank holding company, the state in which the total deposits of all banking subsidiaries of the company are the largest on the later of (i) July 1, 1966, or (ii) the date on which the company becomes

a bank holding company under the Bank Holding Company Act of 1956, as amended, United States Code, title 12, section 1842.

Subd. 7. **Host state.** "Host state" is a state other than the home state of the bank holding company, in which the company controls, or seeks to control, a bank subsidiary.

Subd. 8. **Out-of-state bank holding company.** "Out-of-state bank holding company" means a bank holding company as defined in the Bank Holding Company Act of 1956, as amended, whose home state is a state other than Minnesota.

Subd. 9. **Interstate bank holding company.** "Interstate bank holding company" means (a) a bank holding company whose home state is Minnesota and that is engaging in interstate banking, and (b) an out-of-state bank holding company engaged in banking in this state.

Subd. 10. **Equity capital.** "Equity capital" means the sum of common stock, preferred stock, paid in surplus, reserves for loss loans and undivided profits.

Subd. 11. **Out-of-state bank.** "Out-of-state bank" means a bank whose home state is other than Minnesota.

History: *1986 c 339 s 6; 1Sp1986 c 3 art 2 s 24; 1987 c 349 art 1 s 19; 1988 c 616 s 1; 1990 c 491 art 4 s 1; 1991 c 296 s 1; 1994 c 484 s 1; 1995 c 202 art 1 s 12; art 4 s 9-14*

48.93 ACQUISITION PROCEDURE.

Subdivision 1. **Application.** An out-of-state bank holding company may, through a purchase of stock or assets of a bank, or through a purchase of stock or assets of or merger with a bank holding company, acquire control in an existing bank or banks whose home state is Minnesota if it meets the conditions in this section and section 46.048 and it files an application in writing with the commissioner on forms provided by the department. The commissioner, upon receipt of the application, shall act upon it in the manner provided for in section 46.048, except that the commissioner may extend the 60-day period an additional 30 days if in the commissioner's judgment any material information submitted is substantially inaccurate or the acquiring party has not furnished all the information required by statute, rule, or the commissioner. Within three days after making the decision to disapprove any proposed acquisition, the commissioner shall notify the acquiring party in writing of the disapproval. The notice must provide a statement of the basis for the disapproval.

Subd. 2. **Hearings.** Within ten days of receipt of notice of disapproval pursuant to subdivision 1, the acquiring party may request an agency hearing on the proposed acquisition. At the hearing, all issues must be determined on the record pursuant to chapter 14 and the rules issued by the department. At the conclusion of the hearing, the commissioner shall by order approve or disapprove the proposed acquisition on the basis of the record made at the hearing.

Subd. 3. **Criteria for approval.** Except as otherwise provided by rule of the department, an application filed pursuant to subdivision 1 must contain the information required by section 46.048.

Subd. 4. **Disapproval.** The commissioner shall disapprove any proposed acquisition if:

(1) the financial condition of any acquiring person is such as might jeopardize the financial stability of the bank or prejudice the interests of the depositors of the bank;

(2) the competence, experience, integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the bank, or in the interest of the public to permit the person to control the bank;

(3) the acquisition will result in undue concentration of resources or substantial lessening of competition in this state;

(4) the application is incomplete or any acquiring party neglects, fails, or refuses to furnish all the information required by the commissioner;

(5) a subsidiary of the acquiring bank holding company has failed to meet the requirements set forth in the federal Community Reinvestment Act; or

(6) the bank to be acquired has not been in existence for at least five years. For purposes of this paragraph, a bank that has been chartered solely for the purpose of, and does not open for business before, acquiring control of, or acquiring all or substantially all of the assets of, an existing bank is considered to have been in existence for the same period of time as the bank to be acquired. For determining the time period of existence of a bank, the time period begins after the issuance of a certificate of authorization and from the date the approved bank actually opens for business.

Subd. 5. **Appeals.** The Court of Appeals of the state of Minnesota will have exclusive original jurisdiction of any judicial review of an order issued under this section. The bank holding company that is the subject of the order may seek judicial review at any time within 90 days of the date of an order lawfully issued pursuant to this section.

History: *1986 c 339 s 7; 1986 c 444; 1988 c 616 s 2; 1990 c 491 art 1 s 7; 1995 c 202 art 4 s 15-17; 2014 c 222 art 2 s 5,6*

48.94 [Repealed, 1996 c 414 art 1 s 44]

48.95 [Repealed, 1995 c 202 art 4 s 26]

48.96 SUPERVISION.

The department may enter into cooperative and reciprocal agreements with federal or state regulatory authorities responsible for supervision of out-of-state bank holding companies for exchange or acceptance of reports of examination and other records from the authorities in lieu of conducting its own examinations. The department may enter into joint actions with federal or state regulatory authorities responsible for supervision of out-of-state bank holding companies to carry out its responsibilities and assure compliance with the laws of this state.

History: *1986 c 339 s 10; 1995 c 202 art 4 s 18*

48.97 Subdivision 1. [Repealed, 1995 c 202 art 4 s 25]

Subd. 2. [Repealed, 1995 c 202 art 1 s 26; art 4 s 25]

Subd. 3. [Repealed, 1995 c 202 art 1 s 26; art 4 s 25]

Subd. 4. [Repealed, 1995 c 202 art 1 s 26; art 4 s 25]

48.98 [Repealed, 1995 c 202 art 4 s 26]

48.99 SPECIAL ACQUISITIONS AUTHORIZED.

Subdivision 1. **Application criteria for approval.** Pursuant to the present requirement of the United States Code, title 12, section 1842(d) and notwithstanding any other provision of state law, an out-of-state bank holding company, or any subsidiary of a bank holding company, may acquire a bank located in this

state where the commissioner has determined that a merger, consolidation, or purchase of assets and assumption of liabilities is necessary and in the public interest to prevent the probable failure of a bank or is made for the incorporation of a new bank in the same locality coincidental with the closing of an existing bank by the commissioner or federal authorities and does not increase the number of banks in the community affected. The acquisition is subject to the prior written approval of the commissioner of an application submitted under this section and after the following considerations:

(1) the financial and managerial resources of the applicant;

(2) the future prospects of the applicant and the state bank or its subsidiary whose assets, interest in, or shares it will acquire;

(3) the financial history of the applicant;

(4) whether the acquisition or holding may result in undue concentration of resources or substantial lessening of competition in this state, but any deposit concentration limitations imposed on the acquisition by Public Law 103-328, title 1, section 101, (a)(2), may be waived by order of the commissioner;

(5) the convenience and needs of the public of this state; and

(6) whether the acquisition or holding will strengthen the financial condition of the state bank.

Subd. 2. **Intrastate priority.** In determining the priority of applications submitted to seek approval to acquire a bank located in this state which meets the criteria in subdivision 1, the commissioner shall give first consideration to the approval of applications from applicants located in this state, then to reciprocating state bank holding companies.

Subd. 3. **Supervision.** The department may enter into cooperative and reciprocal agreements with federal or bank regulatory authorities of other states for exchange or acceptance of reports of examination and other records from the authorities in lieu of conducting its own examinations of acquiring reciprocating state bank holding companies. The department may enter into joint actions with federal or bank regulatory authorities of other states to carry out its responsibilities under Laws 1986, chapter 339 and assure compliance with the laws of this state.

Subd. 4. **Reports.** A reciprocating state bank holding company that directly or indirectly, through any subsidiary, acquires a bank pursuant to Laws 1986, chapter 339 shall file with the commissioner copies of all regular and periodic reports which the bank holding company is required to file under section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended, but excluding any portions not available to the public, and such other reports as the commissioner may require by rule.

History: *1986 c 339 s 13; 1987 c 349 art 1 s 22; 1995 c 202 art 4 s 19*

48.991 [Repealed, 1995 c 202 art 4 s 25]

48.992 EXEMPTION.

Subdivision 1. **Resolution.** The board of directors of a bank or a bank holding company located in this state may adopt a resolution before July 1, 1987, to exempt the bank or bank holding company from section 48.93. If the board of directors adopts the resolution and files a certified copy of it as required by subdivision 2, the bank or bank holding company may not be acquired under section 48.93.

Subd. 2. **Filing.** If a resolution is adopted under this section, the board of directors shall file a certified copy of the resolution with the department in person or by certified mail. The board of directors may revoke the resolution by notifying the department in writing of its decision to revoke the resolution.

History: *1986 c 339 s 15; 1Sp1986 c 3 art 2 s 26*

48.993 [Expired]

48.995 [Expired]