**50.1485 LENDING AUTHORITY.**

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

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

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

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

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

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

(f) loans on the security of deposit accounts;

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

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

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

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

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

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

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

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

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

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

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

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