

## CHAPTER 70—H. F. No. 156

*An act to amend Mason's Minnesota Statutes of 1927, Section 7677, relating to loans, investments and discounts of state banks, as amended by Laws 1931, Chapter 9.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Limitation on loans.**—That Mason's Minnesota Statutes of 1927, Section 7677, as amended by Laws 1931, Chapter 9, be amended to read as follows:

"7677. The total liabilities to it, as principal, surety, or endorser of any person, corporation, or copartnership, including the liabilities of the several members thereof, shall never exceed fifteen (15) per cent of its capital actually paid in cash and of its actual surplus fund. Provided that for the purposes of this section the members of a family living together in one household shall be regarded as one person and the total liabilities of the members of such family shall be limited as herein provided. Provided, however, that loans not exceeding 25 per cent of such capital and surplus made upon first mortgage security on improved real estate in the State of Minnesota or in an adjoining state within 20 miles of the place where the bank is located, shall not constitute a liability of the maker of the notes secured by such mortgages within the meaning of the foregoing provision limiting liability, but shall be an actual liability of such maker; provided, that such mortgage loans be limited to, and in no case to exceed forty (40) per cent of the cash value of the security covered by such mortgage; provided further, that commercial paper actually owned by the person negotiating the same not exceeding 15 per cent of the capital stock and surplus taken from any one person, shall not constitute a liability within the meaning of this Act, but shall be an actual liability of the maker. The total liability of any officer or director shall never exceed ten per cent of the same aggregate amount. But the discount of the following classes of paper shall not be regarded as creating liability within the meaning of the section, viz.:

"1. Bonds, orders, warrants or other evidences of indebtedness of the United States, of federal land banks, of this State or of any county, town, village, or school district in this State, or of the bonds of any other state in the United States, or *bonds and obligations of the Federal Home Loan Banks established by Act of Congress known as the Federal Home Loan Bank Act, approved July 23, 1932, and Act amendatory thereto, and in bonds and obligations of the Home*

*Owners' Loan Corporation established by Act of Congress known as the Home Owners' Loan Act of 1933, and Acts amendatory thereto, in exchange for mortgages on homes, or contracts for deed, and/or real estate held by it.*

"2. Bills of exchange drawn in good faith against actually existing values.

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

"First—When the actual market value of the property covered by such receipts at all times exceeds by at least ten per cent the amount loaned thereon.

"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, unless accompanied by a certificate of the railroad and warehouse commission declaring the warehouse issuing the same to be fireproof.

"Whenever a bank shall allow any person, co-partnership or corporation 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 employe of such bank wilfully permitting or approving such loan shall be guilty of a gross misdemeanor and in addition thereto shall be personally liable to the bank for the amount of such loan in excess of the statutory limit."

Approved January 9, 1934.

---

#### CHAPTER 71—H. F. No. 158

*An act authorizing the investment of funds of domestic life insurance companies and fraternal beneficiary associations in bonds of the Home Owners' Loan Corporation.*

Be it enacted by the Legislature of the State of Minnesota: