

persons, other than the minor or any financial institution under clause (4) above, receiving money or property for a minor, are obligated to apply the money to the support and education of the minor, but may not pay themselves except by way of reimbursement for out-of-pocket expenses for goods and services necessary for the minor's support. Any excess sums shall be preserved for future support of the minor and. Any balance not so used and any property received for the minor must be turned over to the minor when he attains majority. Persons who pay or deliver in accordance with provisions of this section are not responsible for the proper application thereof of it.

**Sec. 10. [525.6197] DISCHARGE OF GUARDIAN OR CONSERVATOR; PROPERTY OF A MINOR.**

When a minor receives or is entitled to personal property, the court may order a guardian or conservator to make payment of up to \$2,000 of the property to the parent or parents, custodian, or the person, corporation, or institution with whom the minor child is, for the benefit, support, maintenance, and education of the minor or may direct the investment of the whole or any part of that amount in a savings account, savings certificate, or certificate of deposit in a bank, savings bank, building and loan association, or savings and loan association having deposit insurance, in the name of the minor. When so invested the savings account passbook, savings certificate, certificate of deposit, or other acknowledgment of receipt of the deposit by the depository is to be kept as provided by the court. The depository shall be instructed not to allow the investment to be withdrawn, except by order of the court. The court may authorize the use of any part or all of that amount to purchase United States government savings bonds in the minor's name. The bonds shall be kept as provided by the court and retained until the minor reaches majority unless otherwise authorized by an order of the court.

**Sec. 11. REPEALER.**

Minnesota Statutes 1981 Supplement, Section 525.5515, Subdivision 3, is repealed.

Approved March 18, 1982

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**CHAPTER 473 — S.F.No. 1684**

*An act relating to commerce; providing uniformity in requiring insurance of accounts in depository financial institutions; clarifying examination reports as confidential records; clarifying permissible transactions at financial institutions by examiners; defining building and loan association; clarifying financial institution real estate investment authority; establishing an application procedure for certain bank detached facilities; providing for*

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*clearly differentiating a detached facility from the parent bank principal office; establishing a uniform authority for financial institutions' limited trust powers and individual housing accounts; clarifying certain words, terms and phrases relating to supervision of banks and trust companies; eliminating the filing requirement for bank directors' oaths; clarifying exceptions to prohibition against bank or trust company sale of assets; providing for uniform quarterly reporting by banks or trust companies; providing uniform capital requirements for stock savings banks and approval procedures for amending articles or certificates of incorporation; removing inconsistencies in fees payable to secretary of state; removing the expiration date for the credit union advisory council; removing inconsistencies with earlier laws regarding certificate loan plans of industrial loan and thrift companies; providing for liquidity reserve requirements by insured industrial loan and thrift companies consistent with other depository institutions; providing for reasonable fees, annual renewals and surety bond limits for licensing safe deposit companies; clarifying default charges, deferments, conversion rights, interest after maturity and issuance of receipts on regulated loans; limiting licensing and examination of sales finance companies to those located in this state; authorizing the restatement of articles of incorporation of financial institutions; removing ceiling on interest rate paid by mortgagor during redemption period; amending Minnesota Statutes 1980, Sections 46.07, Subdivision 2; 46.09, as amended; 47.01, Subdivision 5; 47.10; 48.01, Subdivision 1; 48.16; 48.21; 48.76; 50.25; 51A.23, Subdivision 6; 52.061; 52.24; 53.04, Subdivision 5; 53.07; 55.04, Subdivision 2; 55.05; 168.66, Subdivision 8; 580.23, Subdivision 1; Minnesota Statutes 1981 Supplement, Sections 48.06; 48.48; 51A.03, Subdivision 5; 56.131, Subdivision 1; 56.14; proposing new law coded in Minnesota Statutes, Chapters 45; 47; 55; and 300; repealing Minnesota Statutes 1980, Sections 47.16, Subdivision 2; 48.159, Subdivision 1; 48.25; 50.157, Subdivision 1; 51A.21, Subdivision 16; 52.135; Minnesota Statutes 1981 Supplement, Sections 48.159, Subdivision 2; 50.157, Subdivision 2; 51A.21, Subdivision 16a; and 52.136.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

**Section 1. [45.071] MANDATORY INSURANCE OF ACCOUNTS.**

Subdivision 1. CONTINUING REQUIREMENT. Every bank shall at all times maintain in effect insurance of its deposits by the federal deposit insurance corporation, an agency of this state or a federal agency established for the purpose of insuring deposits in banking institutions. In the case of fiduciary funds deposited with the bank, this insurance requirement may be met by depositing collateral security under section 48.74. A bank which fails to meet this requirement for insurance of its deposits shall either dissolve, merge or consolidate with another bank which is insured by the federal deposit insurance corporation, an agency of this state or a federal agency established for the purpose of insuring deposits in banks. For purposes of this section, "bank" means a bank defined in section 45.08, subdivision 2, which accepts deposits.

Subd. 2. APPLICATION FOR INSURANCE; UNINSURED BANKS. Notwithstanding the provisions of subdivision 1, a bank which does not have insurance of its deposits or a commitment for insurance of its deposits by the federal deposit insurance corporation, an agency of this state or a federal agency established for the purpose of insuring deposits in banks or collateral security deposited under section 48.74 upon the effective date of sections 1 to 29

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must apply for insurance of deposits not later than July 1, 1983. A bank subject to this subdivision which has been denied a commitment for insurance of its deposits shall either dissolve, merge or consolidate with another bank which is insured or apply in writing within 30 days of denial to the commissioner of banks for additional time to obtain an insurance commitment. The commissioner of banks shall grant additional time to obtain the insurance commitment upon satisfactory evidence that the bank has made or is making a substantial effort to achieve the conditions precedent to issuance of the commitment. Additional time shall not extend later than July 1, 1984.

**Subd. 3. INSURANCE OF ACCOUNTS IN NEW BANK.** No bank shall be issued a certificate of authorization after the effective date of sections 1 to 29 unless the bank has obtained a commitment for insurance of its deposits by the federal deposit insurance corporation, an agency of this state or a federal agency established for the purpose of insuring deposits of banks.

Sec. 2. Minnesota Statutes 1980, Section 46.07, Subdivision 2, is amended to read:

**Subd. 2. CONFIDENTIAL RECORDS.** The commissioner shall divulge facts and information obtained in the course of examining financial institutions under his supervision only when and to the extent that he is required or permitted by law to report upon or take special action regarding the affairs of ~~any such an~~ institution, or to testify in ~~any a~~ criminal proceeding or in a court of justice, except that he may, in his discretion, furnish information as to matters of mutual interest to an official or examiner of the federal reserve system, the federal deposit insurance corporation, or of the national credit union administration. The commissioner shall not be required to disclose the name of ~~any a~~ debtor of ~~any a~~ financial institution under his supervision, or anything relative to the private accounts, ownership, or transactions of ~~any such an~~ institution, or any fact obtained in the course of ~~any an~~ examination thereof, except as herein provided. These records are classified confidential for purposes of the Minnesota government data practices act and their destruction, as prescribed in section 46.21, shall be exempt from the provisions of chapter 138 and Laws 1971, Chapter 529, so far as their deposit with the state archives.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 46.09, is amended to read:

**46.09 STATE BANK BANKING DIVISION EXAMINERS OR EMPLOYEES NOT TO HOLD BANK STOCK MAINTAIN INTEREST IN SUPERVISED INSTITUTIONS.**

**Subdivision 1. PROHIBITION.** No person who is a bank an examiner or other officer or ~~employee~~ of the division of banking shall be interested, either directly or indirectly, as a stockholder, director, officer, trustee, assignee, employee, or otherwise, in ~~any a~~ bank, savings bank, trust company, financial institution,

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or corporation holding the stock of any such corporation within this state, or which carries on a banking business within this state, either directly or indirectly, or through an affiliated group or chain bank operating within this state. If the spouse, or any other member of the household of a bank examiner, or other officer or employee, shall be so interested, it shall be conclusively presumed that the bank examiner, or other officer or employee, is indirectly interested in the corporation within the meaning of this section; but the meaning of the words "directly or indirectly" is not otherwise qualified. The provisions of this section shall subdivision do not apply to the commissioner of banks.

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

- (a) (1) maintain a demand or trust account in any financial institution;
- (b) (2) maintain a savings, time or share account in any financial institution;

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

(3) transact business with any national bank, federally chartered savings and loan association or federally chartered credit union;

(4) transact business with any financial institution or licensee subject to the examination by the commissioner of banks to the extent the transaction is on the same terms, conditions and to the same extent available to all other customers of the financial institution or licensee.

Subd. 3. **LOANS AND CREDIT ADVANCES.** The exceptions created in subdivision 2 do not include a loan or advance of credit from a financial institution or licensee subject to examination by the commissioner of banks. A transaction not specifically exempt by subdivision 2, clauses (1) to (3), is subject to disclosure to the commissioner of banks at his request to determine if a conflict of interest exists or interest contemplated by subdivision 1.

Sec. 4. Minnesota Statutes 1980, Section 47.01, Subdivision 5, is amended to read:

Subd. 5. **BUILDING AND LOAN ASSOCIATION.** A building and loan association is a corporation under like control authorized solely to accumulate funds to be loaned to ~~members~~ persons to assist them in acquiring homes and which is organized pursuant to the provisions of chapter 51A and includes building and loan, savings and loan, and savings associations of both mutual and stock organization.

Sec. 5. Minnesota Statutes 1980, Section 47.10, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

**47.10 REAL ESTATE; ACQUISITION, HOLDING.**

**Subdivision 1. AUTHORITY, APPROVAL, LIMITATIONS.** Save Except as otherwise specially provided, the net book value of land and buildings for the transaction of the business of such the corporation, including parking lots and premises leased to others, shall not be more than as follows, assets other than cash being taken at cash market value;

(1) for a bank or a trust company or stock savings association, if investment is for acquisition and improvements to establish a new bank, or is for improvements to existing property or acquisition and improvements to adjacent property, approval by the commissioner of banks is not required if the total investment does not exceed 50 percent of its existing capital stock and paid-in surplus; and. Upon written prior approval of the commissioner of banks, a bank, trust company or stock savings association may invest in the property and improvements in clause (1) or for acquisition of nonadjacent property for expansion or future use, if the aggregate of all such investments does not exceed 75 percent of its existing capital stock and paid-in surplus;

(2) for a savings bank, 50 percent of its net surplus;

(3) for a mutual building and loan association, five percent of its net assets. Any such corporation may change its location, dispose of its place of business, and acquire another, upon the written approval of the commissioner of banks.

**Subd. 2. BOOKS AND RECORDS.** With the exception of annual amortization charges which are made in accordance with such rules and regulations as the commissioner may prescribe generally accepted accounting principles, no state bank or, trust company, savings bank, or building and loan association shall decrease the actual cost of such the investment as shown on its books by a charge to any of its capital accounts unless approved by the commissioner.

**Subd. 3. LEASEHOLD PLACE OF BUSINESS; APPROVAL OF CERTAIN LEASE AGREEMENTS.** No bank, trust company, savings bank, or building and loan association may acquire property and improvements of any nature for its place of business by lease agreement if the lessor has an existing direct or indirect interest in the management or ownership of the bank, trust company, savings bank, or building and loan association unless approved by the commissioner. This includes subsequent amendments and associated personal property leases.

**Sec. 6. [47.101] PLACE OF BUSINESS; RELOCATION, DISPOSAL.**

**Subdivision 1. APPROVAL.** A bank, trust company, savings bank, or building and loan association may change its location, dispose of its place of business, and acquire another upon the written approval of the commissioner of banks or otherwise as provided for in this section.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

**Subd. 2. BANKING INSTITUTIONS; CERTAIN RELOCATIONS, APPLICATIONS, NOTICE, APPROVAL.** A banking institution defined in section 48.01, subdivision 2, desiring to relocate its main office within a radius of three miles measured in a straight line shall submit an application in a form prescribed by the commissioner of banks, an investigation fee of \$500 and additional fees as prescribed in section 45.04 if subsequently processed under subdivision 3. After the application is deemed to be complete and accepted by the commissioner of banks, the applicant shall publish once in a form prescribed by the commissioner a notice of the filing of the application in a newspaper published in the municipalities where the banking institution is located and relocating if different. If there is no such paper, then notice of the filing shall be published at the appropriate county seats of the existing and proposed sites if different. The applicant shall cause the notice to be publicly displayed in its lobby and sent by certified mail to all banking institutions within three miles of the proposed location measured in a straight line. Upon expiration of a period of 21 days for comment, the commissioner, after considering the applicable conditions for issuance of the bank charter defined in section 45.07, shall within 60 days approve or disapprove or refer the application to the commerce commission for consideration.

**Subd. 3. APPLICATIONS TO COMMERCE COMMISSION.** An application by a banking institution to relocate its main office outside a radius of three miles measured in a straight line, or referred from the commissioner of banks pursuant to subdivision 2, shall be approved or disapproved by the commerce commission as provided for in sections 45.04 and 45.07.

**Sec. 7. [47.561] IDENTIFICATION OF DETACHED FACILITY.**

A detached facility must be properly identified at its location in a manner which includes the name of the parent bank. A detached facility in existence on the effective date of this section must comply with this section by December 31, 1982.

**Sec. 8. [47.75] LIMITED TRUSTEESHIP.**

**Subdivision 1. RETIREMENT ACCOUNTS.** A commercial bank, savings bank, savings, building and loan association, or credit union may act as trustee or custodian under the Federal Self-Employed Individual Tax Retirement Act of 1962, as amended, and also under the Federal Employee Retirement Income Security Act of 1974, as amended. The trustee or custodian may accept the trust funds if the funds are invested only in savings accounts or time deposits in the commercial bank, savings bank, savings, building and loan association, or credit union. 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.

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Subd. 2. INDIVIDUAL HOUSING ACCOUNTS. A commercial bank, savings bank, savings, building and loan association, or credit union may act as trustee of individual housing accounts established pursuant to provisions of section 290.08, subdivision 25.

Sec. 9. Minnesota Statutes 1980, Section 48.01, Subdivision 1, is amended to read:

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 ~~48.57, 48.58, and 48.56~~ to 48.59, shall have has that meaning; and the term defined in subdivision 3, for the purposes of this chapter, shall have has that meaning.

Sec. 10. Minnesota Statutes 1981 Supplement, Section 48.06, is amended to read:

#### 48.06 DIRECTORS; QUALIFICATIONS.

~~When~~ If the number of directors shall ~~exceed~~ exceeds nine, they may designate, semi-annually, by resolution, nine of their number, a majority of whom shall constitute a quorum for the transaction of business. Every director of a bank shall actually own at least \$1,000 par value of the bank's common, fully paid stock, or an equivalent interest, as determined by the commissioner, in any a company which has control over a bank within the meaning of section 2 of the Bank Holding Company Act of 1956, 12 U.S.C. 1841, and shall take and subscribe an oath that he is the owner in good faith of that amount of stock, that ~~the same stock~~ is not in any way pledged for any loan or debt, and that he will faithfully perform his ~~or her~~ official duties, and not knowingly violate, or permit to be violated, any provision of law. The taking of this oath shall be duly certified in the minutes of the records of the bank, ~~and the oath immediately transmitted to the commissioner of banks and filed in his or her office.~~

Sec. 11. Minnesota Statutes 1980, Section 48.16, is amended to read:

#### 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 to the state or to secure public deposits or to secure deposits of postal savings funds or of trustees in bankruptcy, or to secure money borrowed in good faith from other banks or trust companies, or from any financial agency created by an act of congress;~~ provided, that as follows:

- (1) to the state;
- (2) to secure public deposits;
- (3) to secure funds of trustees in bankruptcy;

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(4) to secure money borrowed in good faith from other banks, trust companies, or a financial agency created by act of congress;

(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 that the bank or trust company is obligated to repurchase.

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

Sec. 12. Minnesota Statutes 1980, Section 48.21, is amended to read:

**48.21 REAL ESTATE; RESTRICTIONS ON HOLDING.**

Such A bank may purchase, carry as an asset, and convey real estate for the following purposes only:

(1) Such As shall be necessary for the convenient transaction of its business, including with its banking office other apartments to rent as a source of income, which investment less normal depreciation shall not exceed 40 percent of its paid-in capital stock and permanent surplus, and upon written approval of the commissioner of banks, not to exceed 60 percent of its paid-in capital stock and permanent surplus, provided for in section 47.10;

(2) Such as is If acquired through foreclosure of any a mortgage given to it in good faith by way of as security for loans made by or money due to such bank; it;

(3) Such as is If conveyed to it in satisfaction of debts previously contracted in good faith in the course of its dealings;

(4) Such as is If acquired by sale on execution or judgment of any a court in its favor; or

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

It shall not purchase, carry as an asset, or convey real estate in any case or for any other purpose whatever. Real estate acquired in the cases contemplated in under clauses 2, 3 and 4 (2) to (5) shall be carried as an asset only in accordance with such rules and regulations as the commissioner shall prescribe prescribes.

Sec. 13. Minnesota Statutes 1981 Supplement, Section 48.48, is amended to read:

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**48.48 REPORTS TO COMMISSIONER.**

Subdivision 1. **SUBMISSION AND PUBLICATION.** At least ~~three~~ 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, in a form he prescribes, a report, verified by its president or vice-president and by its cashier or treasurer, and attested by at least two 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 ~~any~~ a report made to a federal authority having supervision of banks or trust companies in fulfilling this requirement. This statement shall be published once at the expense of the bank or trust company in a newspaper serving the municipality or town in which the bank or trust company is located. The newspaper shall be published in the county in which the bank or trust company is located or in an adjoining county. Proof of publication shall be filed with the commissioner immediately after publication of the report. For the purposes of this subdivision a newspaper serves a municipality or town if it meets the qualifications of section 331.02, subdivision 1, clause (4).

Subd. 2. **PENALTIES FOR LATE SUBMISSION.** For failure to send these reports to the commissioner 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 mailed 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 mailed, 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.

Sec. 14. Minnesota Statutes 1980, Section 48.76, is amended to read:

**48.76 POWERS OF COURT; ANNUAL REPORT TO THE COURT AND TO THE COMMISSIONER.**

Every ~~such corporation~~ trust company shall be subject at all times to the further orders, judgments, and decrees of ~~any a~~ any a court of record from which it ~~shall have~~ has accepted ~~any a~~ any a trust, appointment, or commission as to ~~such the~~ the trust, and shall render to ~~such the~~ the court ~~such~~ itemized and verified accounts, statements, and reports ~~as may be~~ as may be required by law, or as the court ~~shall order~~ orders as to a particular trust. ~~Every such corporation~~ The trust company shall also be subject to the general jurisdiction and authority of the district court of the county of its principal place of business. ~~On or before June 30 in each year, every such corporation shall render to the commissioner a full and detailed account of its condition, and such further accounts, either in full or in part, or in relation to any particular investments, trusts, funds, or other business, as the~~

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commissioner may, from time to time, direct or request; and a condensed statement of the annual account, together with a list of its board of directors, approved by the commissioner, shall be published by the corporation in a newspaper of the county of its principal place of business:

Sec. 15. Minnesota Statutes 1980, Section 50.25, is amended to read:

**50.25 BANKS ORGANIZED UNDER LAWS 1867 THE LAWS OF MINNESOTA; CAPITAL STOCK; AMENDMENT OF ARTICLES.**

Any A corporation which was incorporated and organized under Laws 1867 the laws of Minnesota for the purpose of doing a savings bank business, may have capital stock of \$100 per share, par value; provided, this the minimum required capital shall not be at least the sum of \$25,000, in a municipality having a population of not over 3,000; at least \$50,000 in one over 3,000 and not over 10,000; at least \$75,000 in one over 10,000 and not over 20,000; at least \$100,000 in one over 20,000 and not over 100,000, and at least \$200,000 in one over 100,000 less than \$500,000, and may amend its articles or certificate of incorporation so as to provide for this capital stock conversion by adopting a resolution specifying the proposed amendment at a regular meeting or a special meeting called for that expressly stated purpose by a majority. The conversion must be approved by at least a two-thirds affirmative vote of its entire board of directors, trustees, or other managers, and by causing this. The resolution to approving the conversion shall be embraced in a certificate duly executed by its president and secretary, or other presiding and recording officers, under its corporate seal, and approved, filed, recorded, and published in the manner now prescribed for the execution, approval, filing, recording, and publishing of a like original certificate.

The resolution specifying the proposed amendment of articles or certificate of incorporation shall set forth a plan of conversion from a mutual savings bank to a capital stock savings bank. The plan of conversion shall provide that all capital stock shall have voting powers, including the power to elect the board of directors, trustees, or other managers who shall have the power to sell, convey, mortgage, or otherwise dispose of any part of the corporation's real or personal property. The plan and issuance of capital stock shall be subject to the commissioner of banks' approval provided the plan is fair and equitable to all parties concerned and is in the public interest.

Sec. 16. Minnesota Statutes 1981 Supplement, Section 51A.03, Subdivision 5, is amended to read:

Subd. 5. **PUBLICATION.** Every article of incorporation shall be published in a legal newspaper in the county of the principal place of business, for two successive days in a daily, or for two successive weeks in a weekly, newspaper. Thereafter the articles of incorporation, together with proof of publication, shall be filed with the commissioner. Savings associations shall be

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~~exempt from the filing fee provided by law for payment to the state treasurer before filing any articles, renewal, or amendment.~~

Sec. 17. Minnesota Statutes 1980, Section 51A.23, Subdivision 6, is amended to read:

Subd. 6. **INSURANCE OF ACCOUNTS.** ~~Not later than July 1, 1979, each~~ Every association incorporated pursuant to or operating under the provisions of sections 51A.01 to 51A.57 shall ~~apply for~~ at all times maintain in effect insurance of its savings accounts by the federal savings and loan insurance corporation or ~~any, an~~ an agency of this state or other federal agency established for the purpose of insuring savings accounts in associations. An association which ~~has been denied a commitment fails to meet this requirement~~ for insurance of its savings accounts shall either dissolve, merge or consolidate with another association which is insured by the federal savings and loan insurance corporation or ~~any, an~~ an agency of this state or ~~any a~~ a federal agency established for the purpose of insuring savings accounts in associations, or ~~apply in writing within 30 days of denial to the commissioner of banks for additional time to obtain an insurance commitment.~~

~~The commissioner of banks shall grant additional time or times to obtain the insurance commitment upon satisfactory evidence that the association has made or is making a substantial effort to achieve the conditions precedent to issuance of the commitment. Additional time or times shall not extend later than July 1, 1981.~~

Sec. 18. Minnesota Statutes 1980, Section 52.061, is amended to read:

**52.061 CREDIT UNION ADVISORY COUNCIL.**

There is established a credit union advisory council to consult with, advise, and make recommendations to the commissioner of banks in all matters pertaining to credit unions. The advisory council shall consist of five members who shall be appointed by the commissioner of banks and who shall be persons who have had three or more years of experience as a credit union officer, director or committee member. To aid in making a selection of the five advisory council members, the Minnesota league of credit unions may submit a list of not less than 15 names; however, the commissioner of banks shall not be limited to ~~such this~~ such list in making his selections. The chairman of the advisory council shall be elected annually by and from ~~the its~~ its members thereof. Meetings shall be held at ~~such the~~ such times and places as shall be determined by the chairman and the commissioner of banks. Meetings may be called by either the chairman or the commissioner of banks. Three members of the advisory council shall constitute a quorum. However, at least three affirmative votes shall be needed to pass any motion. The authority and responsibility of the advisory council shall be to advise the governor and the commissioner of banks on problems concerning credit unions and to foster the interest and cooperation of credit unions in

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improving their methods of operation. The commissioner of banks may review with the advisory council the records of the banking division concerning the supervision, regulation, and examination of credit unions. The council shall ~~expire and the terms, compensation, and removal of members shall be as provided in section 15.059.~~

Sec. 19. Minnesota Statutes 1980, Section 52.24, is amended to read:

**52.24 MANDATORY SHARE AND DEPOSIT INSURANCE.**

Subdivision 1. **INSURANCE COMMITMENT ACCOUNTS.** ~~Not later than July 1, 1979, each~~ Every credit union under the supervision of the commissioner of banks shall ~~apply for at all times maintain in effect~~ insurance of member share and deposit accounts under the provisions of title II of the national credit union act, or a legally constituted state credit union share insurance corporation. A credit union which ~~has been denied a commitment fails to meet this requirement~~ for insurance of its share and deposit accounts shall either dissolve, merge with another credit union which is insured under title II of the national credit union act or a legally constituted share insurance corporation, ~~or apply in writing within 30 days of denial to the commissioner of banks for additional time to obtain an insurance commitment.~~

~~The commissioner of banks shall grant additional time or times to obtain the insurance commitment upon satisfactory evidence that the credit union has made or is making a substantial effort to achieve the conditions precedent to issuance of the commitment. Additional time or times shall not extend later than July 1, 1981.~~

Subd. 2. **CERTIFICATE OF APPROVAL.** No credit union shall be granted a certificate of approval by the commissioner of banks ~~after April 10, 1976 unless such~~ the credit union has obtained a commitment for insurance of its member share and deposit accounts under the provisions of title II of the national credit union act or a legally constituted state credit union share insurance corporation.

Sec. 20. Minnesota Statutes 1980, Section 53.04, Subdivision 5, is amended to read:

Subd. 5. The right, with the consent of the department of commerce, to sell and issue for investment ~~or to be pledged as security for a loan made contemporaneously therewith or otherwise,~~ certificates of indebtedness, under any descriptive name, which may bear ~~such~~ interest, if any, as their terms ~~may~~ provide, and which may require the payment to the company of ~~such~~ amounts, from time to time as their terms ~~may~~ provide, and permit the withdrawal of amounts paid ~~upon the same on them,~~ in whole or in part, from time to time, and the credit of amounts thereon upon ~~such~~ conditions as ~~may be set forth therein;~~ ~~and.~~ No ~~such~~ certificate of indebtedness shall have a surrender value which is less than the total amount paid to the company therefor.

Sec. 21. Minnesota Statutes 1980, Section 53.07, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

**53.07 RESERVE.**

Subdivision 1. LIQUIDITY REQUIREMENT. An industrial loan and thrift 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 an individual industrial loan and thrift company from time to time based upon examination findings or other reports relating to the industrial loan and thrift company that are available to the commissioner. The determination by the commissioner of a required amount of reserves for an industrial loan and thrift company shall not be considered a rule as defined by section 15.0411, subdivision 3. Reserves for an individual industrial loan and thrift 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.

Subd. 2. TEMPORARY RESERVE MINIMUM. All Until an industrial loan and thrift ~~companies~~ company obtains a commitment for insurance or guarantee of accounts acceptable to the commissioner as required by section 53.10, it shall establish as a minimum reserve against the certificates of indebtedness described in section 53.04, subdivision 5, of not less than ten percent of the amount of indebtedness thus created. Three percent of this indebtedness shall be in cash in the actual possession of the industrial loan company or on demand deposit in approved banks of this state, and seven percent of the total indebtedness may be in bonds admissible for investment by mutual savings banks under the laws of this state; provided, that such certificates of indebtedness as are issued under authority of section 53.04, subdivision 3, and are held by the industrial loan and thrift company as security for its own loans, shall not be considered as an indebtedness for which a reserve must be maintained under this section.

Sec. 22. Minnesota Statutes 1980, Section 55.04, Subdivision 2, is amended to read:

Subd. 2. Application for license shall be in writing, under oath, and in the form prescribed by the commissioner of banks, and contain the name and address, both of the residence and place of business, of the applicant, and if the applicant is a partnership or unincorporated association, of every member thereof, and if a corporation, of each officer and director thereof; also the county and municipality, with street and number, if any, where the business is to be conducted; and ~~such~~ further information as the commissioner of banks may require requires. The applicant at the time of making application shall pay to the

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commissioner the sum of ~~\$25~~ \$250 as a fee for investigating the application, and the additional sum of \$150 as an annual license fee for a period terminating on the last day of the current calendar year. If the application is filed after June 30 in any year the additional sum shall be only \$75.

Sec. 23. [55.041] ANNUAL LICENSE FEE.

Every licensee shall, on or before the 20th day of each December, pay to the commissioner the sum of \$150 as an annual license fee for the next succeeding calendar year.

Sec. 24. Minnesota Statutes 1980, Section 55.05, is amended to read:

55.05 BONDS.

~~Before any such a license shall be is issued to a corporation, an individual, an unincorporated association or a partnership, it the applicant shall execute and file with the commissioner of banks a bond to the state of Minnesota in the penal sum of not less than \$5,000 nor more than \$50,000 \$1,000,000, the amount thereof to be as fixed by the commissioner of banks. The bond must be issued by a corporate surety in good standing, authorized to do business in this state, to and must secure the faithful performance of its the safe deposit company's contracts of rental or deposit, and to protect persons doing business with it from the results of its negligence, and. This The bond shall must enure to the benefit of any one who shall be in any manner damaged by a breach of such a rental or deposit contract, or by such negligence. Each such bond, or a substitute like bond, approved by the commissioner of banks, shall be kept on file and maintained in full force and effect by the safe deposit company licensed hereunder so long as that company continues to do business and. Failure so to maintain such a the bond shall be grounds for revocation of the safe deposit company's license by the commissioner of banks. No safe deposit company shall lease any a safe deposit box or receive any valuable personal property for safe-keeping or for storage until the bond herein provided for shall be is on file and in full force.~~

Sec. 25. Minnesota Statutes 1981 Supplement, Section 56.131, Subdivision 1, is amended to read:

Subdivision 1. **INTEREST RATES AND CHARGES.** (a) On any loan in the principal amount of \$35,000 or less, a licensee may contract for and receive interest, calculated according to the actuarial method, not exceeding the equivalent of the greater of any of the following:

- (1) the total of: (i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding \$350; and (ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding \$350; or
- (2) 21.75 percent per year on the unpaid balance of the principal amount.

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(b) Interest shall be contracted for and earned as provided in paragraph (a), clause (1) or at the single annual percentage rate that would earn the same total interest at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (1), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method. Loans may be interest-bearing or precomputed.

(c) To compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day shall be considered  $1/30$  of a month when calculation is made for a fraction of a calendar month. A year shall be 12 calendar months. A calendar month shall be that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month.

(d) With respect to interest-bearing loans:

(1) Interest shall be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment shall be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest shall not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (c), clause (3). The resulting loan contract shall be deemed a new and separate loan transaction for all purposes.

(e) With respect to precomputed loans:

(1) Loans shall be repayable in substantially equal and consecutive monthly installments of principal and interest combined, except that the first installment period may be longer than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days; and provided further that monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments shall be applied in the order in which they become due.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee

shall refund or credit the borrower with the total of the applicable charges for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; if the prepayment is made other than on a scheduled payment date, the nearest scheduled installment payment date shall be used in the computation; provided further, if the prepayment occurs prior to the first installment due date, the licensee may retain 1/30 of the applicable charge for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the borrower with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(f) (4) If an installment, other than the final installment, is not paid in full within ten days of its scheduled due date, a licensee may contract for and receive a default charge not exceeding five percent of the amount of the installment, but not less than \$2.

(g) (5) (If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall make or credit to the borrower a refund of the unearned deferment charge in addition to any other refund or credit made for prepayment of the loan in full.

(h) (6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the single annual percentage rate permitted by paragraph (b) may be charged on the unpaid balance until fully paid.

(i) (7) Following the final installment as originally scheduled or deferred, the licensee, for, any loan contract which has not previously been converted to interest-bearing under paragraph (h) (c), clause (6), may charge interest on any

balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by paragraph (b) until fully paid.

Sec. 26. Minnesota Statutes 1981 Supplement, Section 56.14, is amended to read:

#### 56.14 DUTIES OF LICENSEE.

Every licensee shall:

(1) deliver to the borrower (or if there are two or more borrowers to one of them) at the time any loan is made a statement making the disclosures and furnishing the information required by the federal Truth-in-Lending Act with respect to the contract of loan. A copy of the loan contract may be delivered in lieu of a statement if it discloses the required information;

~~Give~~ (2) deliver or mail to the borrower a plain and complete receipt for all payments without request, a written receipt within 30 days following payment for each payment by coin, currency, or money order made on account of any loan wherein charges are computed and paid on unpaid principal balances for the time actually outstanding, at the time the payments are made, specifying the amount applied to charges and the amount, if any, applied to principal, and stating the unpaid principal balance, if any, of the loan; give to the borrower a receipt for all payments made in cash on account of any loan and wherein precomputed charges have been added to the principal of the loan specifying the amount of the payment applied to principal and charges combined, the amount applied to default or extension charges, if any, and stating the unpaid balance, if any, of the precomputed loan contract. A periodic statement showing a payment received by mail complies with this clause;

(3) permit payment to be made in advance in any amount on any contract of loan at any time, but the licensee may apply ~~such~~ the payment first to all charges in full at the agreed rate up to the date of the payment;

(4) upon repayment of the loan in full, mark indelibly every obligation and security, other than a mortgage or security agreement which secures a new loan to the licensee, signed by the borrower with the word "Paid" or "Canceled," and release any mortgage or security agreement which no longer secures a loan to the licensee, restore any pledge, and cancel and return any note, and any assignment given to the licensee which does not secure a new loan to the licensee within 20 days after ~~such~~ the repayment;

(5) display prominently in each licensed place of business a full and accurate schedule, to be approved by the commissioner, of the charges to be made and the method of computing the same; Furnish a copy of the contract of loan to any person obligated on it or who may become obligated on it at any time upon the request of that person;

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(6) show in the loan contract or statement of loan the rate or rates of charge on which the charge in the contract is based, expressed in terms of rate or rates per annum. ~~Such~~ The rate expression shall be printed in at least 8 point type on the loan statement or copy of the loan contract given to the borrower.

Sec. 27. Minnesota Statutes 1980, Section 168.66, Subdivision 8, is amended to read:

Subd. 8. "Sales finance company" means a person engaged, in whole or in part, in the business of purchasing retail installment contracts in this state from one or more retail sellers. The term includes ~~but is not limited to~~ a bank, trust company, or industrial loan and thrift company, if so engaged. The term also includes a retail seller engaged, in whole or in part, in the business of creating and holding retail installment contracts. The term does not include the pledges of an aggregate number of ~~such~~ the contracts to secure a bona fide loan thereon.

Sec. 28. [300.451] **RESTATED CERTIFICATES OF INCORPORATION.**

An existing corporation organized pursuant to section 300.025 may by action taken in the same manner as required for amendment of certificates of incorporation adopt a restated certificate of incorporation consisting of the certificate of incorporation as amended to date. The restated certificate of incorporation may be adopted in connection with an amendment to the certificate of incorporation. The restated certificate of incorporation shall contain all the statements required by this chapter to be included in the original certificate of incorporation except that: in lieu of setting forth the names and addresses of the first board of directors, the restated certificate of incorporation shall set forth the names and addresses of the directors at the time of the adoption of the restated certificate of incorporation; and no statement need be made with respect to the names and addresses of the incorporators. The certificate to be filed to accomplish a restated certificate of incorporation shall be entitled "restated certificate of incorporation of (name of corporation)" and shall contain a statement that the restated certificate supersedes and takes the place of the existing certificate of incorporation and all amendments thereto. The restated certificate of incorporation when executed, filed and recorded in the manner prescribed for certificate of amendment shall supersede and take the place of an existing certificate of incorporation and amendments thereto. The secretary of state upon request shall certify the restated certificate of incorporation.

Sec. 29. Minnesota Statutes 1980, Section 580.23, Subdivision 1, is amended to read:

Subdivision 1. When lands have been sold in conformity with the preceding sections of this chapter the mortgagor, his personal representatives or assigns, within six months after such sale, except as otherwise provided in

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subdivision 2, may redeem such lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt, not to exceed eight percent per annum, and, if no rate be provided in the mortgage note, at the rate of six percent per annum, together with any further sums which may be payable pursuant to section 582.03. Where the redemption period is as provided in this subdivision the mortgagee, or his successors, assigns, or personal representative, or any other purchaser so purchasing at the sheriff's sale shall by purchasing the property at the sheriff's sale thereby waive his right to a deficiency judgment against the mortgagor.

**Sec. 30. REPEALER.**

Subdivision 1. GENERALLY. Minnesota Statutes 1980, Sections 48.159, Subdivision 1; 48.25; 50.157, Subdivision 1; 51A.21, Subdivision 16; 52.135; and Minnesota Statutes 1981 Supplement, Sections 48.159, Subdivision 2; 50.157, Subdivision 2; 51A.21, Subdivision 16a; and 52.136 are repealed.

Subd. 2. SECRETARY OF STATE FILING FEES. Minnesota Statutes 1980, Section 47.16, Subdivision 2, is repealed.

**Sec. 31. EFFECTIVE DATE.**

Sections 1 to 15, 17 to 29, and 30, Subdivision 1, are effective the day following final enactment. Sections 16 and 30, Subdivision 2, are effective April 1, 1982.

Approved March 18, 1982

**CHAPTER 474 — S.F.No. 1631**

*An act relating to the Red River watershed; naming all counties in which the special taxing authority of certain watershed districts applies; amending Laws 1976, Chapter 162, Section 1.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Laws 1976, Chapter 162, Section 1, is amended to read:

Section 1. **RED RIVER WATERSHED; TAX BY WATERSHED DISTRICTS.**

Each watershed district located within the counties of Kittson, Marshall, Polk, Pennington, Red Lake, Norman, Clay, Mahnomon, Clearwater, Roseau, Wilkin, Ottertail, and Becker, Koochiching, Beltrami, and Itasca, which district is a member of the lower Red River watershed management board, established by

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