

# MINNESOTA STATUTES 1975 SUPPLEMENT

## INDUSTRIAL LOAN AND THRIFT COMPANIES 53.04

of the amount of the deposits, which shall be in cash and balances due from solvent banks or which may be, in whole or in part, in short term obligations guaranteed as to principal and interest by the U.S. government or in certificates of deposit of a federally insured bank or in a passbook or other account in a federally insured savings and loan association or in balances due from Minnesota central credit union or ICU services corporation or U.S. central credit union.

[1975 c 394 s 2]

### CHAPTER 53. INDUSTRIAL LOAN AND THRIFT COMPANIES

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#### 53.04 Special powers.

Industrial loan and thrift companies, in addition to the general and usual powers incidental to ordinary corporations in this state, which are not specifically restricted in this chapter, shall have the following special powers, which powers must be set forth in their articles of incorporation or amendments thereto:

(1) The right to discount or purchase notes, bills of exchange, acceptances or other choses in action;

(2) The right to loan money upon the security of co-makers, personal chattels or other property, exclusive of real estate, for a period not to exceed 60 months; to deduct in advance interest on such loans for the full period of such loans at a rate not in excess of eight percent discount per annum for loans which provide for a repayment period not exceeding 36 months; seven and three-fourths percent discount per annum for loans which provide for a repayment period exceeding 36 months but not exceeding 42 months; seven and one-half percent discount per annum for loans which provide for a repayment period exceeding 42 months but not exceeding 48 months; seven and one-fourth percent discount per annum for loans which provide for a repayment period exceeding 48 months but not exceeding 54 months; seven percent discount per annum for loans which provide for a repayment period exceeding 54 months but not exceeding 60 months; to require as a condition to the making of such a loan that the borrower purchase and pledge with the company, as security for the loan, a certificate of indebtedness of the company in the same amount as the loan secured thereby, providing for payments in equal weekly, bi-weekly, or monthly installments, with or without interest, extending over substantially the period of the loan, payments thereon not to be construed as payments on the loan secured thereby; to charge for a loan exceeding \$50 made pursuant to this subdivision, \$1 for each \$50, or fraction thereof, loaned, for expenses, including any examination or investigation of the character and circumstances of the borrower, co-maker or security, and drawing and taking the acknowledgment of necessary papers, filing fees, or other expenses incurred in making the loan; provided, that no such charge shall be made on that portion of a loan in excess of \$2,000 and no such charge shall be collected unless a loan shall have been made. The full amount of the investigation charge authorized by this section shall be fully earned at the time a loan is made without regard to the expenses incurred and shall not be deemed interest, provided, however, if a loan for which an investigation charge was made is renewed within twelve months from the date of the loan, then one-twelfth of such investigation charge shall be deemed earned for each month or portion thereof from the date of the loan to the date of renewal, and the balance thereof shall be refunded to the borrower. A loan shall be deemed to be renewed at the time the loan is paid in full if any part of such payment is made out of the proceeds of another loan from the same lender. The borrower may repay the entire balance of such loan at any time before maturity and upon such repayment the industrial loan and thrift company shall forthwith refund

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to the borrower a portion of the interest or discount. The amount of such refund shall represent at least as great a proportion of the total interest or discount as the sum of the periodical time balances after the date of prepayment bears to the sum of all the periodical time balances under the schedule of payments in the original loan contract.

For the purpose of calculating such refunds, the commissioner of banks shall furnish a chart giving effect hereto for the use of such companies, which chart shall be followed in calculating refunds;

(3) To impose a handling charge of five cents for each default in the payment of \$1, or fraction thereof, at the time any periodical installment on a certificate of indebtedness assigned as collateral security for the payment of a loan made pursuant to the foregoing provisions becomes past due for ten days or more; provided, that this handling charge may be collected only once on an installment however long it remains in default; and that the handling charge on any installment shall not exceed \$5. Such handling charge may be collected when due or at any time thereafter; for the purpose of this paragraph, payments shall be applied first to the immediately preceding installment due and then to prior delinquent installments.

(4) 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, 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; and

(5) Upon the maturity of a note, the borrower may, at his option, surrender the certificate of indebtedness pledged to secure the same, in which event the amounts, if any, paid on the certificate of indebtedness, less such handling charges as are authorized by this chapter, shall be applied to reduce the balance owing on the note.

[1975 c 373 s 1]

## 53.05 Powers, limitation.

No industrial loan and thrift company shall have power to do any of the following:

(1) To carry commercial or demand banking accounts; to use the word "bank" or "banking" in its corporate name; to receive savings accounts or deposits or operate as a savings bank;

(2) To have outstanding at any one time certificates of indebtedness, exclusive of those held by the company, as security for loans made by it of more than seven times the sum of the contributed capital and appropriated reserves of the company;

(3) To lend money in excess of ten percent of its contributed capital and appropriated reserves to any person primarily liable; provided, however, if a loan has been made to any one person primarily liable and payments have been made on the certificate of indebtedness securing it, the amount of such payments may be added to the limitation stated in this clause for the purpose of determining whether additional loans may be made to that person;

(4) To accept trusts or act as guardian, administrator, or judicial trustee in any form; or

(5) To deposit any of its funds in any banking corporation, unless that corporation has been designated by vote of a majority of directors or of the executive committee present at a meeting duly called, at which a quorum was in attendance.

(6) To change any allocation of capital made pursuant to section 53.03 or

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## FACE AMOUNT CERTIFICATE INVESTMENT

54.27

to reduce or withdraw in any way any portion of the contributed capital and appropriated reserves without prior written approval of the commissioner of banks.

[1975 c 373 s 2]

### CHAPTER 54. FACE AMOUNT CERTIFICATE INVESTMENT COMPANIES

Sec.		Sec.	
54.26	Supervision by commissioner.	54.293	Repealed.
54.27	Examination of books and accounts by the commissioner.	54.294	Annual examination; informational reports; cost of examination. [New]
54.28	Repealed.	54.295	Declaration of credit. [New]
54.29	Repealed.	54.296	Rules and regulations. [New]
		54.297	Application for receiver. [New]

#### 54.26 Supervision by commissioner.

Face amount certificate investment companies as defined by the Federal Investment Company Act of 1940, organized and doing business under the laws of this state, or having their principal place of business within this state, and other investment companies having face amount certificates outstanding, which companies are not subject to Section 28 of the Investment Company Act of 1940, shall be under the supervision of the commissioner of banks.

[1975 c 166 s 1]

#### 54.27 Examination of books and accounts by the commissioner.

Subdivision 1. The commissioner, with reference to face amount certificate investment companies, as defined in Minnesota Statutes 1974, Section 54.26, shall have the supervisory power to make periodic examinations of the books and accounts of such companies for the purpose of determining

(a) that face amount certificate investment companies maintain certificate reserves and deposits of qualified assets in accordance with the requirements of the Federal Investment Company Act of 1940 and the rules and regulations thereunder, and that other investment companies described in Minnesota Statutes 1974, Section 54.26 maintain certificate reserves and deposits of qualified assets as if they were subject to the Federal Investment Company Act of 1940 and rules and regulations thereunder so far as the same may be appropriate and except as hereinafter provided, and

(b) that the accounting principles of all face amount certificate companies conform to generally accepted accounting principles for face amount certificate companies which are promulgated by the United States Securities and Exchange Commission. The accounting principles for investment companies shall include, where appropriate, any statements of investments or assets in a manner which relates historical cost of such investments or assets or other information required by the United States Securities and Exchange Commission. Assets maintained on deposit by companies not subject to Section 28(c) of the Investment Company Act of 1940 shall consist of first mortgages and first deeds of trust on improved real estate, government bonds, state bonds, municipal bonds, obligations issued or guaranteed in whole or in part by the United States government or by a government chartered institution or agency, assets of the kind which life insurance companies were permitted, by the laws of the state of New York as of January 1, 1949, to acquire or hold, and such other assets as the commissioner may by rule or order approve for such purpose. The commissioner shall, in recognizing approved assets in rule making, give consideration to assets of the kind which life insurance companies were permitted to invest in or hold under the provisions of the code of the District of Columbia.

Subd. 2. Investments required to be maintained on deposit by a company subject to section 54.26 shall be maintained within this state, provided, however, that where qualified investments are maintained on deposit by such company in respect of its liabilities under certificates issued to or held by residents of any state as required by the statutes of such state or any official or agency