

## CHAPTER 48

## BANKS, TRUST COMPANIES

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**48.06 DIRECTORS; QUALIFICATIONS.**

When the number of directors shall exceed 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 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 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.

**History:** 1981 c 220 s 9

**48.159 LIMITED TRUSTEESHIP.**

*[For text of subd 1, see M.S.1980]*

Subd. 2. **Individual housing account trust powers.** Upon application to and approval by the commissioner, a commercial bank shall have the power to act as trustee of individual housing accounts established pursuant to the provisions of section 290.08, subdivision 25.

**History:** 1Sp1981 c 1 art 9 s 1

**48.185 OPEN END LOAN ACCOUNT ARRANGEMENTS.**

*[For text of subd 1, see M.S.1980]*

Subd. 3. A bank or savings bank may collect a periodic rate of finance charge in connection with extensions of credit pursuant to an overdraft checking plan, which rate does not exceed one and one-half percent per month or, with respect to open-end credit extended in use of a bank credit card, one percent per month, or if no annual charge is imposed pursuant to subdivision 4, clause (a), one and one-half percent per month, computed on an amount no greater than the average daily balance of the account during each monthly billing cycle. Notwithstanding variations from cycle to cycle, a billing cycle is "monthly" for purposes of this section if the average length of 12 successive billing cycles is not less than 30 or more than 32 days. If the billing cycle is other than monthly, the maximum finance charge for that billing cycle shall be that percentage which bears the same relation to one percent or, if applicable, to one and one-half percent as the number of days in the billing cycle bears to 30.

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. 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.

*[For text of subds 4 to 7, see M.S.1980]*

**History:** 1981 c 138 s 1; 1981 c 259 s 2

#### **48.195 INTEREST RATES; USURY LIMIT FOR BANKS.**

Notwithstanding any law to the contrary, banks and savings banks organized under the laws of this state and any national bank 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 four and one-half percent in excess of the discount rate on 90 day commercial paper in effect at the federal reserve bank located in the Ninth Federal Reserve District.

**History:** 1981 c 259 s 1; 2Sp1981 c 4 s 1

**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. The determination by the commissioner of a required amount of reserves for an institution shall not be considered a rule as defined by section 15.0411, subdivision 3. 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

#### **48.34 BRANCH BANKS PROHIBITED.**

No bank or trust company organized under the laws of this state shall maintain a branch bank or receive deposits or pay checks within this state, except at its own banking house, and except as authorized by sections 47.51 to 47.57 and sections 47.61 to 47.74. The commissioner shall take possession of and liquidate the business and affairs of any state bank or trust company violating the provisions of this section, in the manner prescribed by law for the liquidation of insolvent state banks and trust companies.

**History:** 1981 c 220 s 10

**48.48 REPORTS TO COMMISSIONER.**

Subdivision 1. At least three times in each year, and at any other time when so requested by the commissioner, every bank 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, 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 report made to a federal authority having supervision of banks in fulfilling this requirement. This statement shall be published once at the expense of the bank in a newspaper serving the municipality or town in which the bank is located. The newspaper shall be published in the county in which the bank 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. For failure to send these reports to the commissioner in the time specified, a bank 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 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 to the satisfaction of the commissioner that failure to send the reports was the result of causes beyond the control of the bank.

**History:** 1981 c 220 s 11

**48.51 DEMAND DEPOSITS DEFINED.**

For the purpose of sections 48.50 and 48.51, all deposits are payable on demand except:

(1) Those deposits which are evidenced by a negotiable or non-negotiable instrument which provides on its face that the amount of the deposit is payable:

(a) on a certain date, specified in the instrument, not less than 14 days after the date of the deposit; or (b) at the expiration of a specified period not less than 14 days after the date of the instrument; or (c) upon written notice to be given not less than 14 days before the date of repayment.

(2) Those deposits which may not be withdrawn within 14 days of the making thereof.

(3) Those deposits which may not be withdrawn within 14 days of the giving of notice of an intended withdrawal.

**History:** 1981 c 220 s 12

**48.61 AUTHORIZED INVESTMENTS FOR STATE BANKS AND TRUST COMPANIES.**

*[For text of subs 1 and 2, see M.S.1980]*

Subd. 3. The bank or trust company may invest not to exceed ten percent of its capital and surplus in shares of stock in any banks or bank holding companies wherein the ownership of stock in the banks or bank holding companies is restricted to banks authorized to do business in the state of Minnesota.

**History:** 1981 c 116 s 1

**48.68 DIRECTORS; QUALIFICATIONS; VACANCIES, HOW FILLED.**

Each director of a trust company shall own at least \$1,000 par value of its capital stock or equivalent interest as prescribed in section 48.06, and a majority of them shall be residents of this state. Each shall take and subscribe an oath that he will diligently and honestly perform his official duties and will not knowingly violate, or permit to be violated, any provision of law relating to trust companies and that he is the owner in good faith of the stock above specified standing in his name; the taking of this oath to be noted on the minutes of the records of the corporation and filed with the commissioner. Failure of any person selected as director to qualify shall create a vacancy in the board, and all vacancies in the board shall be filled by the qualified members; provided, that not more than one-third of the membership of the board may be so filled in any one year.

**History:** *1Sp1981 c 4 art 4 s 62*

**48.88 VIOLATIONS; PENALTIES.**

*[For text of subd 1, see M.S.1980]*

Subd. 2. Any person or officer of a state bank or trust company who knowingly or wilfully accepts deposits with an agreement or understanding, either directly or indirectly, on the part of the bank or trust company to pay a larger rate of interest than that provided in section 48.25 shall be guilty of a misdemeanor.

**History:** *1Sp1981 c 4 art 2 s 5*