

CHAPTER 47

FINANCIAL CORPORATIONS

47.20	Use of federal acts; definitions; interest rates; required provisions; interest on escrow accounts.	47.56	Transfer of location.
47.206	Interest rate or discount point agreements.	47.59	Financial institution credit extension maximum rates.
47.29	Repealed.	47.61	Electronic funds transfer facilities; definitions.
47.31	Repealed.	47.64	Operation of an electronic financial terminal.
47.32	Repealed.	47.75	Limited trusteeship.
47.55	Existing banking facilities or branches of savings associations.		

47.20 USE OF FEDERAL ACTS; DEFINITIONS; INTEREST RATES; REQUIRED PROVISIONS; INTEREST ON ESCROW ACCOUNTS.

[For text of subsds 1 to 8, see M.S.1996]

Subd. 9. For purposes of this subdivision the term "mortgagee" shall mean all state banks and trust companies, national banking associations, state and federally chartered savings associations, mortgage banks, savings banks, insurance companies, credit unions or assignees of the above.

(a) Each mortgagee requiring funds of a mortgagor to be paid into an escrow, agency or similar account for the payment of taxes or homeowner's insurance premiums with respect to a mortgaged one-to-four family, owner occupied residence located in this state, unless the account is required by federal law or regulation or maintained in connection with a conventional loan in an original principal amount in excess of 80 percent of the lender's appraised value of the residential unit at the time the loan is made or maintained in connection with loans insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration or any successor, shall calculate interest on such funds at a rate of not less than three percent per annum. Such interest shall be computed on the average monthly balance in such account on the first of each month for the immediately preceding 12 months of the calendar year or such other fiscal year as may be uniformly adopted by the mortgagee for such purposes and shall be annually credited to the remaining principal balance on the mortgage, or at the election of the mortgagee, paid to the mortgagor or credited to the mortgagor's account. If the interest exceeds the remaining balance, the excess shall be paid to the mortgagor or vendee. The requirement to pay interest shall apply to such accounts created in conjunction with mortgage loans made prior to July 1, 1996.

(b) Unless the account is exempt from the requirements of paragraph (a), a mortgagee shall allow a mortgagor to elect to discontinue escrowing for taxes and homeowner's insurance after the seventh anniversary of the date of the mortgage, unless the mortgagor has been more than 30 days delinquent in the previous 12 months. This paragraph shall apply to accounts created prior to July 1, 1996, as well as to accounts created on or after July 1, 1996. The mortgagor's election shall be in writing. The lender or mortgage broker shall, with respect to mortgages made on or after August 1, 1997, notify an applicant for a mortgage of the applicant's rights under this paragraph. This notice shall be given at or prior to the closing of the mortgage loan and shall read substantially as follows:

"NOTICE OF RIGHT TO DISCONTINUE ESCROW

If your mortgage loan involves an escrow account for taxes and homeowner's insurance, you may have the right in five years to discontinue the account and pay your own taxes and homeowner's insurance. If you are eligible to discontinue the escrow account, you will be notified in five years."

If the escrow account has a negative balance or a shortage at the time the mortgagor requests discontinuance, the mortgagee is not obligated to allow discontinuance until the escrow account is balanced or the shortage has been repaid.

(c) The mortgagee shall notify the mortgagor within 60 days after the seventh anniversary of the date of the mortgage if the right to discontinue the escrow account is in accordance with paragraph (b). For mortgage loans entered into, on or prior to July 1, 1989, the notice required by this paragraph shall be provided to the mortgagor by January 1, 1997.

(d) Effective January 1, 1998, the requirements of paragraph (b), regarding the mortgagor's election to discontinue the escrow account, and paragraph (c), regarding notification to mortgagor, shall apply when the fifth anniversary of the date of the mortgage has been reached.

(e) A mortgagee may require the mortgagor to reestablish the escrow account if the mortgagor has failed to make timely payments for two consecutive payment periods at any time during the remaining term of the mortgage, or if the mortgagor has failed to pay taxes or insurance premiums when due. A payment received during a grace period shall be deemed timely.

(f) The mortgagee shall, subject to paragraph (b), return any funds remaining in the account to the mortgagor within 60 days after receipt of the mortgagor's written notice of election to discontinue the escrow account.

(g) The mortgagee shall not charge a direct fee for the administration of the escrow account, nor shall the mortgagee charge a fee or other consideration for allowing the mortgagor to discontinue the escrow account.

[For text of subds 10 to 13a, see M.S.1996]

Subd. 14. (a) A lender requiring or offering private mortgage insurance shall make available to the borrower or other person paying the insurance premium the same premium payment plans as are available to the lender in paying the private mortgage insurance premium.

(b) Any refund or rebate for unearned private mortgage insurance premiums shall be paid to the borrower or other person actually providing the funds for payment of the premium.

(c) With regard to first mortgage loans made before, on, or after January 1, 1997, the mortgagor shall have the right to elect, in writing, to cancel borrower-purchased private mortgage insurance if all of the following terms and conditions have been met:

(1) if the current unpaid principal balance of a first mortgage is 75 percent or less of the current fair market appraised value of the property. "Current fair market appraised value" shall be based upon a current appraisal by a real estate appraiser licensed or certified by the appropriate state or federal agency and reasonably acceptable to the lender. The lender may require the mortgagor to pay for the appraisal;

(2) the mortgagor's monthly installments of principal, interest, and escrow obligations have not been more than 30 days past due over the 24-month period immediately preceding the request for cancellation and all accrued late charges have been paid;

(3) the mortgage was made at least 24 months prior to the receipt of a request for cancellation of private mortgage insurance;

(4) the property securing the mortgage is owner-occupied; and

(5) the mortgage has not been pooled with other mortgages in order to constitute, in whole or in part, collateral for bonds issued by the state of Minnesota or any political subdivision of the state of Minnesota or of any agency of any political subdivision of the state of Minnesota.

(d) Other than the appraisal fee allowed pursuant to paragraph (c), clause (1), the lender shall not charge the borrower a fee or other consideration for cancellation of the private mortgage insurance.

(e) With respect to all existing or future first mortgage loans, a lender requiring private mortgage insurance shall, after the payment of the 24th monthly premium installment of private mortgage insurance, provide an annual written notice to each mortgagor currently paying premiums for private mortgage insurance. The notice may be included in the annual statement or may be included in other regular mailings to the mortgagor. For mortgage loans made prior to January 1, 1996, the first required annual notice must be provided no later than

January 31, 1998. The annual notice shall be on its own page, unless included in a private mortgage insurance notice required under the federal Real Estate Settlement Procedures Act, and shall appear substantially as follows:

“NOTICE OF RIGHT TO CANCEL PRIVATE MORTGAGE INSURANCE

If you currently pay private mortgage insurance premiums, you may have the right to cancel the insurance and cease paying premiums. This would permit you to make a lower total monthly mortgage payment. In most cases, you have the right to cancel private mortgage insurance if the principal balance of your loan is 80 percent or less of the current fair market appraised value of your home. If you wish to learn whether you are eligible to cancel this insurance, please contact us at (address/phone).”

(f) If a mortgage loan governed by paragraph (c) is serviced in accordance with the guidelines of either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, the lender shall cancel private mortgage insurance in accordance with the cancellation guidelines of the applicable entity in effect at the time the request for cancellation is received.

History: 1997 c 157 s 7,8

47.206 INTEREST RATE OR DISCOUNT POINT AGREEMENTS.

[For text of subs 1 to 5, see M.S.1996]

Subd. 6. **Prohibited acts.** A person, including a lender, may not advise, encourage, or induce a borrower or third party to misrepresent information that is the subject of a loan application or to violate the terms of the agreement. Neither a mortgage lender nor a mortgage broker shall advertise mortgage terms, including interest rate and discount points, which were not available from the lender or broker on the date or dates specified in the advertisement. For purposes of this section, “advertisement” shall include a list or sampler of mortgage terms compiled from information provided by the lender or broker, with or without charge to the lender or broker, by a newspaper, and shall also include advertising on the Internet.

[For text of subd 7, see M.S.1996]

History: 1997 c 157 s 9

47.29 [Repealed, 1997 c 157 s 72]

47.31 [Repealed, 1997 c 157 s 72]

47.32 [Repealed, 1997 c 157 s 72]

47.55 EXISTING BANKING FACILITIES OR BRANCHES OF SAVINGS ASSOCIATIONS.

Subdivision 1. **Banking facilities in operation prior to May 1, 1971.** A bank may retain and operate one detached facility as it may have had in operation prior to May 1, 1971 without requirement of approval hereunder.

[For text of subd 2, see M.S.1996]

History: 1997 c 157 s 10

47.56 TRANSFER OF LOCATION.

The location of a detached facility transferred to another location outside of a radius of three miles measured in a straight line is subject to the same procedures and approval as required hereunder for establishing a new detached facility. The location of a detached facility transferred to another location within the lesser of a radius of three miles measured in a straight line from the existing location or the municipality, as defined in section 47.51, in which it is located is subject to the same procedures and approval as are required in section 47.101, subdivision 2. The relocation of a detached facility within a municipality of 10,000 or less population shall not require consent of other banks required in section 47.52.

History: 1997 c 157 s 11

47.59 FINANCIAL INSTITUTION CREDIT EXTENSION MAXIMUM RATES.

Subdivision 1. **Definitions.** For purposes of this section, the following definitions shall apply.

(a) "Actuarial method" has the meaning given the term in the Code of Federal Regulations, title 12, part 226, and appendix J thereto.

(b) "Annual percentage rate" has the meaning given the term in the Code of Federal Regulations, title 12, part 226, but using the definition of "finance charge" used in this section.

(c) "Borrower" means a debtor under a loan or a purchaser or debtor under a credit sale contract.

(d) "Business purpose" means a purpose other than a personal, family, household, or agricultural purpose.

(e) "Cardholder" means a person to whom a credit card is issued or who has agreed with the financial institution to pay obligations arising from the issuance to or use of the card by another person.

(f) "Consumer loan" means a loan made by a financial institution in which:

(1) the debtor is a person other than an organization;

(2) the debt is incurred primarily for a personal, family, or household purpose; and

(3) the debt is payable in installments or a finance charge is made.

(g) "Credit" means the right granted by a financial institution to a borrower to defer payment of a debt, to incur debt and defer its payment, or to purchase property or services and defer payment.

(h) "Credit card" means a card or device issued under an arrangement pursuant to which a financial institution gives to a cardholder the privilege of obtaining credit from the financial institution or other person in purchasing or leasing property or services, obtaining loans, or otherwise. A transaction is "pursuant to a credit card" only if credit is obtained according to the terms of the arrangement by transmitting information contained on the card or device orally, in writing, by mechanical or electronic methods, or in any other manner. A transaction is not "pursuant to a credit card" if the card or device is used solely in that transaction to:

(1) identify the cardholder or evidence the cardholder's creditworthiness and credit is not obtained according to the terms of the arrangement;

(2) obtain a guarantee of payment from the cardholder's deposit account, whether or not the payment results in a credit extension to the cardholder by the financial institution; or

(3) effect an immediate transfer of funds from the cardholder's deposit account by electronic or other means, whether or not the transfer results in a credit extension to the cardholder by the financial institution.

(i) "Credit sale contract" means a contract evidencing a credit sale. "Credit sale" means a sale of goods or services, or an interest in land, in which:

(1) credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind; and

(2) the debt is payable in installments or a finance charge is made.

(j) "Finance charge" has the meaning given in the Code of Federal Regulations, title 12, part 226, except that the following will not in any event be considered a finance charge:

(1) a charge as a result of default or delinquency under subdivision 6 if made for actual unanticipated late payment, delinquency, default, or other similar occurrence, and a charge made for an extension or deferment under subdivision 5, unless the parties agree that these charges are finance charges;

(2) an additional charge under subdivision 6;

(3) a discount, if a financial institution purchases a loan at less than the face amount of the obligation or purchases or satisfies obligations of a cardholder pursuant to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation;

(4) fees paid by a borrower to a broker, provided the financial institution or a person described in subdivision 4 does not require use of the broker to obtain credit; or

(5) a commission, expense reimbursement, or other sum received by a financial institution or a person described in subdivision 4 in connection with insurance described in subdivision 6.

(k) "Financial institution" means a state or federally chartered bank, a state or federally chartered bank and trust, a trust company with banking powers, a state or federally chartered saving bank, a state or federally chartered savings association, an industrial loan and thrift company, or a regulated lender.

(l) "Loan" means:

(1) the creation of debt by the financial institution's payment of money to the borrower or a third person for the account of the borrower;

(2) the creation of debt pursuant to a credit card in any manner, including a cash advance or the financial institution's honoring a draft or similar order for the payment of money drawn or accepted by the borrower, paying or agreeing to pay the borrower's obligation, or purchasing or otherwise acquiring the borrower's obligation from the obligee or the borrower's assignee;

(3) the creation of debt by a cash advance to a borrower pursuant to an overdraft line of credit arrangement;

(4) the creation of debt by a credit to an account with the financial institution upon which the borrower is entitled to draw immediately;

(5) the forbearance of debt arising from a loan; and

(6) the creation of debt pursuant to open-end credit.

"Loan" does not include the forbearance of debt arising from a sale or lease, a credit sale contract, or an overdraft from a person's deposit account with a financial institution which is not pursuant to a written agreement to pay overdrafts with the right to defer repayment thereof.

(m) "Official fees" means:

(1) fees and charges which actually are or will be paid to public officials for determining the existence of or for perfecting, releasing, terminating, or satisfying a security interest or mortgage relating to a loan or credit sale, and any separate fees or charges which actually are or will be paid to public officials for recording a notice described in section 580.032, subdivision 1; and

(2) premiums payable for insurance in lieu of perfecting a security interest or mortgage otherwise required by a financial institution in connection with a loan or credit sale, if the premium does not exceed the fees and charges described in clause (1), which would otherwise be payable.

(n) "Organization" means a corporation, government, government subdivision or agency, trust, estate, partnership, joint venture, cooperative, limited liability company, limited liability partnership, or association.

(o) "Person" means a natural person or an organization.

(p) "Principal" means the total of:

(1) the amount paid to, received by, or paid or repayable for the account of, the borrower; and

(2) to the extent that payment is deferred:

(i) the amount actually paid or to be paid by the financial institution for additional charges permitted under this section; and

(ii) prepaid finance charges.

[For text of subs 2 and 3, see M.S.1996]

Subd. 4. Finance charge for credit sales made by a third party. (a) A person may enter into a credit sale contract for sale to a financial institution and a financial institution may purchase and enforce the contract, if the annual percentage rate provided for in the contract does not exceed that permitted in this section, or, in the case of a retail installment sale of a motor vehicle as defined in section 168.66, the annual percentage rates permitted by subdivision 4a.

(b) The annual percentage rate may not exceed the equivalent of the greater of either of the following:

(1) the total of:

(i) 36 percent per year on that part of the unpaid balances of the amount financed that is \$300 or less;

(ii) 21 percent per year on that part of the unpaid balances of the amount financed which exceeds \$300 but does not exceed \$1,000; and

(iii) 15 percent per year on that part of the unpaid balances of the amount financed which exceeds \$1,000; or

(2) 19 percent per year on the unpaid balances of the amount financed.

(c) This subdivision does not limit or restrict the manner of calculating the finance charge whether by way of add-on, discount, discount points, single annual percentage rate, precomputed charges, variable rate, interest in advance, compounding, or otherwise, if the annual percentage rate calculated under paragraph (d) does not exceed that permitted by this section. The finance charge may be contracted for and earned at the single annual percentage rate that would earn the same finance charge as the graduated rates when the debt is paid according to the agreed terms and the finance charge is calculated under paragraph (d). If the finance charge is calculated and collected in advance, or included in the principal amount of the contract, and the borrower prepays the contract in full, the financial institution shall credit the borrower with a refund of the charge to the extent the annual percentage rate yield on the contract would exceed the annual percentage rate on the contract as originally determined under paragraph (d) and taking into account the prepayment. For the purpose of calculating the refund under this subdivision, the financial institution may assume that the contract was paid before the date of prepayment according to the schedule of payments under the contract and that all payments were paid on their due dates. For contracts repayable in substantially equal successive monthly installments, the financial institution may calculate the refund as the portion of the finance charge allocable on an actuarial basis to all wholly unexpired payment periods following the date of prepayment, based on the annual percentage rate on the contract as originally determined under paragraph (d), and for the purpose of calculating the refund may assume that all payments are made on the due date.

(d) The annual percentage rate must be calculated in accordance with Code of Federal Regulations, title 12, part 226, except that the following will not in any event be considered a finance charge:

(1) a charge as a result of delinquency or default under subdivision 6 if made for actual unanticipated late payment, delinquency, default, or other similar occurrence, and a charge made for an extension or deferral under subdivision 5, unless the parties agree that these charges are finance charges;

(2) an additional charge under subdivision 6; or

(3) a discount, if a financial institution purchases a contract evidencing a credit sale at less than the face amount of the obligation or purchases or satisfies obligations of a cardholder according to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation.

[For text of subd 4a, see M.S.1996]

Subd. 5. Extensions, deferments, and conversion to interest bearing. (a) The parties may agree in writing, either in the loan contract or credit sale contract or in a subsequent agreement, to a deferment of wholly unpaid installments. For precomputed loans and credit sale contracts, the manner of deferment charge shall be determined as provided for 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 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. If a loan or credit sale is prepaid in full during a deferment period, the financial institution 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 or credit sale in full.

For the purpose of this subdivision, "applicable charge" means the amount of finance charge attributable to each monthly installment period for the loan or credit sale contract. The applicable charge is computed as if each installment period were one month and any charge for extending the first installment period beyond the one month, or reduction in charge for a first installment less than one month, is ignored. The applicable charge for any installment period is that which would have been made for the period had the loan been made on an interest-bearing basis at the single annual percentage rate provided for in the contract based upon the assumption that all payments were made according to schedule. For convenience in computation, the financial institution may round the single annual rate to the nearest one quarter of one percent.

(b) Subject to a refund of unearned finance or deferment charge required by this section, a financial institution may convert a loan or credit sale contract to an interest bearing balance, if:

(1) the loan contract or credit sale contract so provides and is subject to a change of the terms of the written agreement between the parties; or

(2) the loan contract so provides and two or more installments are delinquent one full month or more on any due date.

Thereafter, the single annual percentage rate and other charges must be determined as provided under this section for interest-bearing transactions.

Subd. 6. Additional charges. (a) For purposes of this subdivision, "financial institution" includes a person described in subdivision 4, paragraph (a). In addition to the finance charges permitted by this section, a financial institution may contract for and receive the following additional charges that may be included in the principal amount of the loan or credit sale unpaid balances:

(1) official fees and taxes;

(2) charges for insurance as described in paragraph (b);

(3) with respect to a loan or credit sale contract secured by real estate, the following "closing costs," if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section:

(i) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(ii) fees for preparation of a deed, mortgage, settlement statement, or other documents, if not paid to the financial institution;

(iii) escrows for future payments of taxes, including assessments for improvements, insurance, and water, sewer, and land rents;

(iv) fees for notarizing deeds and other documents;

(v) appraisal and credit report fees; and

(vi) fees for determining whether any portion of the property is located in a flood zone and fees for ongoing monitoring of the property to determine changes, if any, in flood zone status;

(4) a delinquency charge on a payment, including the minimum payment due in connection with open-end credit, not paid in full on or before the tenth day after its due date in an amount not to exceed five percent of the amount of the payment or \$5.20, whichever is greater;

(5) for a returned check or returned automatic payment withdrawal request, an amount not in excess of the service charge limitation in section 332.50; and

(6) charges for other benefits, including insurance, conferred on the borrower that are of a type that is not for credit.

(b) An additional charge may be made for insurance written in connection with the loan or credit sale contract, which may be included in the principal amount of the loan or credit sale unpaid balances:

(1) with respect to insurance against loss of or damage to property, or against liability arising out of the ownership or use of property, if the financial institution furnishes a clear, conspicuous, and specific statement in writing to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained;

(2) with respect to credit insurance or mortgage insurance providing life, accident, health, or unemployment coverage, if the insurance coverage is not required by the financial institution, and this fact is clearly and conspicuously disclosed in writing to the borrower, and the borrower gives specific, dated, and separately signed affirmative written indication of the borrower's desire to do so after written disclosure to the borrower of the cost of the insurance; and

(3) with respect to the vendor's single interest insurance, but only (i) to the extent that the insurer has no right of subrogation against the borrower; and (ii) to the extent that the insurance does not duplicate the coverage of other insurance under which loss is payable to the financial institution as its interest may appear, against loss of or damage to property for which a separate charge is made to the borrower according to clause (1); and (iii) if a clear, conspicuous, and specific statement in writing is furnished by the financial institution to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained.

(c) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive the following additional charges in connection with open-end credit, which may be included in the principal amount of the loan or balance upon which the finance charge is computed:

(1) annual charges, not to exceed \$50 per annum, payable in advance, for the privilege of opening and maintaining open-end credit;

(2) charges for the use of an automated teller machine;

(3) charges for any monthly or other periodic payment period in which the borrower has exceeded or, except for the financial institution's dishonor would have exceeded, the maximum approved credit limit, in an amount not in excess of the service charge permitted in section 332.50;

(4) charges for obtaining a cash advance in an amount not to exceed the service charge permitted in section 332.50; and

(5) charges for check and draft copies and for the replacement of lost or stolen credit cards.

(d) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive a one-time loan administrative fee not exceeding \$25 in connection with closed-end credit, which may be included in the principal balance upon which the finance charge is computed. This paragraph applies only to closed-end credit in an original principal amount of \$4,320 or less. The determination of an original principal amount must exclude the administrative fee contracted for and received according to this paragraph.

[For text of subs 7 to 11, see M.S.1996]

Subd. 12. Consumer protections. (a) Financial institutions shall comply with the requirements of the federal Truth in Lending Act, United States Code, title 15, sections 1601 to 1693, in connection with a consumer loan or credit sale for a consumer purpose where the federal Truth in Lending Act is applicable. A financial institution shall give the following disclosure to the borrower in writing at the time an open-end credit account is established if the financial institution imposes a loan fee, points, or similar charge that relates to the opening of the account which is not included in the annual percentage rate given pursuant to the federal Truth in Lending Act: "YOU HAVE BEEN ASSESSED FINANCE CHARGES, OR POINTS, WHICH ARE NOT INCLUDED IN THE ANNUAL PERCENTAGE RATE. THESE CHARGES MAY BE REFUNDED, IN WHOLE OR IN PART, IF YOU DO NOT USE YOUR LINE OF CREDIT OR IF YOU REPAY YOUR LINE OF CREDIT EARLY. THESE CHARGES INCREASE THE COST OF YOUR CREDIT."

(b) Financial institutions shall comply with the following consumer protection provisions in connection with a consumer loan or credit sale for a consumer purpose: sections 325G.02 to 325G.05; 325G.06 to 325G.11; 325G.15 to 325G.22; and 325G.29 to 325G.36, and Code of Federal Regulations, title 12, part 535, where those statutes or regulations are applicable.

(c) An assignment of a consumer's earnings by the consumer to a financial institution as payment or as security for payment of a debt arising out of a consumer loan or consumer credit sale is unenforceable by the financial institution except where the assignment: (1) by its terms is revocable at the will of the consumer; (2) is a payroll deduction plan or preauthorized payment plan, beginning at the time of the transaction, in which the consumer authorizes a series of wage deductions as a method of making each payment; or (3) applies only to wages or other earnings already earned at the time of the assignment.

[For text of subds 13 and 14, see M.S.1996]

History: 1997 c 157 s 12–16

47.61 ELECTRONIC FUNDS TRANSFER FACILITIES; DEFINITIONS.

[For text of subds 1 and 2, see M.S.1996]

Subd. 3. (a) "Electronic financial terminal" means an electronic information processing device that is established to do either or both of the following:

(1) capture the data necessary to initiate financial transactions; or
 (2) through its attendant support system, store or initiate the transmission of the information necessary to consummate a financial transaction.

(b) "Electronic financial terminal" does not include:

(1) a telephone;
 (2) an electronic information processing device that is used internally by a financial institution to conduct the business activities of the institution;

(3) an electronic point-of-sale terminal operated by a retailer that is used to process payments for the purchase of goods and services by consumers, and which also may be used to obtain cash advances or cash back not to exceed \$25 and only if incidental to the retail sale transactions, through the use of credit cards or debit cards, provided that the payment transactions using debit cards are subject to the federal Electronic Funds Transfer Act, United States Code, title 12, sections 1693 et seq., and Regulation E of the Federal Reserve Board, Code of Federal Regulations, title 12, subpart 205.2; this clause does not exempt the retailer from liability for negligent conduct or intentional misconduct of the operator under section 47.69, subdivision 5;

(4) stored-value cards to only process transactions other than those authorized by this section. Stored-value cards are transaction cards having magnetic stripes or computer chips that enable electronic value to be added or deducted as needed; or

(5) a personal computer possessed by and operated exclusively by the account holder.

[For text of subds 4 to 7, see M.S.1996]

History: 1997 c 157 s 17

47.64 OPERATION OF AN ELECTRONIC FINANCIAL TERMINAL.

[For text of subds 1 to 6, see M.S.1996]

Subd. 7. **Prohibition.** An agreement to share electronic financial terminals may not contain provisions distinguishing between cards issued by United States financial institutions and cards issued by Canadian financial institutions relative to a fee that may be charged to a card holder by the owner or operator of an electronic financial terminal, if the terminal is located within 50 miles of the Canadian border, and the enforcement of any such provision is prohibited.

History: 1997 c 157 s 18

47.75 LIMITED TRUSTEESHIP.

Subdivision 1. **Retirement and medical savings accounts.** A commercial bank, savings bank, savings association, credit union, or industrial loan and thrift company may act as trustee or custodian under the Federal Self-Employed Individual Tax Retirement Act of 1962, as amended, of a medical savings account under the Federal Health Insurance Portability and Accountability Act of 1996, 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 association, credit union, or industrial loan and thrift company. 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.

History: 1997 c 157 s 19