

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

Subdivision 1. **Authority, approval, limitations.** (a) Except as otherwise specially provided, the net book value of land and buildings for the transaction of the business of the corporation, including parking lots and premises leased to others, shall not be more than as follows:

(1) for a bank, trust company, savings bank, or stock savings association, if investment is for acquisition and improvements to establish a new banking office, or is for improvements to existing property or acquisition and improvements to adjacent property, approval by the commissioner of commerce is not required if the total investment does not exceed 50 percent of its existing capital stock and paid-in surplus. Upon written prior approval of the commissioner of commerce, a bank, trust company, savings bank, 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 100 percent of its existing capital stock and paid-in surplus;

(2) for a mutual savings association, five percent of its net assets.

(b) For purposes of this subdivision, an intervening highway, street, road, alley, other public thoroughfare, or easement of any kind does not cause two parcels of real property to be nonadjacent.

Subd. 2. **Books and records.** With the exception of annual amortization charges which are made in accordance with generally accepted accounting principles, no state bank, trust company, savings bank, or savings association shall decrease the actual cost of 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 savings association may acquire real property and improvements of any nature to it 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 savings association without prior written approval by the commissioner. This includes subsequent amendments and associated leasehold improvements. A lessee's expenditures to maintain the leasehold premises consistent with ordinary business conditions and within the preapproved lease agreement does not constitute an amendment requiring prior written approval.

Subd. 4. **Approval of certain insider agreements.** No bank, trust company, savings bank, or savings association may purchase, sell, or lease real property, personal property, improvements or equipment of a value of \$25,000 or more if the purchaser, seller, lessor, or lessee other than the bank, trust company, savings bank, or savings association has an existing direct or indirect interest in the institution without prior written approval by the commissioner. Each bank, trust company, savings bank, or savings association must maintain documentation of transactions with interested parties, including personal property leases and purchases or sales of under \$25,000, which demonstrates the commercial reasonableness and fair market value of the transaction.

**History:** (7648) RL s 2976; 1941 c 37 s 1; 1955 c 104 s 1; 1957 c 601 s 4; 1982 c 473 s 5; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1987 c 349 art 1 s 5,6; 1992 c 587 art 1 s 7; 1995 c 171 s 8; 1995 c 202 art 1 s 25; art 2 s 2; 1996 c 414 art 1 s 6; 2001 c 56 s 1; 2005 c 118 s 1