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R. Reg. July, 1968

## Chapter Bkg 4

### TIME DEPOSITS

Bkg 4.03	Maturity date of certificates	Bkg 4.05	Accrual of interest at graduated rate
Bkg 4.04	Accrual of interest	Bkg 4.07	Payment prior to maturity
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**Bkg 4.01 History:** 1-2-56; am. Register, December, 1956, No. 12, eff. 1-1-57, r. Register, August, 1957, No. 20, eff. 9-1-57. Bkg 4.02, 1-2-56, r. Register, August, 1957, No. 20, eff. 9-1-57.

**Bkg 4.03 Maturity date of certificates.** A state bank or trust company bank shall not issue any certificate of deposit the final maturity date of which is more than 5 years after the date of issuance.

**History:** 1-2-56; am. Register, February, 1966, No. 122, eff. 3-1-66.

**Bkg 4.04 Accrual of interest.** When a certificate of deposit is drawn with a final maturity date in excess of 12 months from the date of issue the interest payable thereon, if not paid on or before the expiration of such 12 month period, shall be accrued at the end of the first and each successive year, which interest accrued shall be reflected on the general books of the bank as a liability until such time as the liability so incurred is discharged by actual payment of the interest to the depositor.

**History:** 1-2-56; am. Register, July, 1963, No. 91, eff. 8-1-63.

**Bkg 4.05 Accrual of interest at graduated rate.** When a certificate of deposit is drawn for a period of more than 12 months and when a graduated rate of interest is provided for by the certificate based upon the length of time the certificate is held before demand for payment is made by the depositor, the bank shall accrue the interest payable thereon at the end of the first and each successive year at the highest rate provided for by the certificate and shall reflect such interest accrued on the general books of the bank as a liability until such time as the liability so incurred is discharged by actual payment of the interest earned under the terms of the certificate to the depositor either at the maturity of the certificate or when the certificate is paid prior to maturity. Interest so accrued but not earned at the date of payment of the certificate shall be adjusted by credit to an appropriate account.

**Bkg 4.06 History:** 1-2-56; r. Register, July, 1963, No. 91, eff. 8-1-63.

**Bkg 4.07 Payment prior to maturity.** (1) A state bank or trust company bank shall not pay any certificate of deposit, which is payable only on a specified date, before such specified date, except as provided in subsection (2).

(2) A state bank or trust company bank may make a loan to a depositor upon the security of his certificate of deposit provided that the rate of interest on such loan shall not be less than 2% per annum

in excess of the rate of interest on the certificate. In the event that an emergency has arisen where it is necessary that a depositor secure a definite amount of money, and a loan to the depositor upon security of his certificate of deposit, upon terms satisfactory to the bank and depositor, cannot be arranged, and where the depositor signs a written statement stating that he is in need of money represented by such deposit before the maturity, stating the definite amount needed and describing fully the circumstances constituting the emergency, such deposit may be paid before maturity to the extent required to meet such need, but the depositor shall forfeit accrued and unpaid interest for a period of not less than 3 months on the amount withdrawn. When a portion of a certificate of deposit is paid before maturity, as permitted only under the above mentioned circumstances, the certificate shall be cancelled and a new certificate shall be issued for the unpaid portion of the deposit with the same terms, rate, date, and maturity as the original deposit.

**History:** 1-2-56; am. (2), Register, July, 1963, No. 91, eff. 8-1-63.

**Bkg 4.08 Interest after maturity prohibited.** A state bank or trust company bank shall not pay interest on any certificate of deposit after the maturity date thereof, except if such a certificate is renewed within 10 days after maturity, the renewal certificate may draw interest from the maturity date of the matured certificate. Where a time certificate is renewed within 10 days after maturity, the renewal certificate may be dated back to the maturity date of the matured certificate.