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Chapter 4

TIME DEPOSITS

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Bkg 4.01 Rate of interest. A state bank or trust company bank, or mutual savings bank except as provided in section Bkg 4.02, shall not pay interest or a dividend on any time or savings deposits, whether certificates of deposit or book savings deposits, at a rate in excess of 2% per annum.

Bkg 4.02 Dividend rate—mutual savings bank. On application of any mutual savings bank for authority to pay a higher dividend rate than 2% the commissioner of banks with the approval of the banking review board may increase the maximum rate of dividend it will permit the applicant bank to pay provided the commissioner is satisfied that such mutual savings bank's assets, surplus, guaranty fund, liquid position, and earning power, and other considerations justify the payment of such higher rate.

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

Bkg 4.04 Accrual of interest. When a certificate of deposit is drawn for a period of more than 12 months the interest payable thereon 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.

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.