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Title 45 - DEPARTMENT OF BANKING AND FINANCE

Chapter 31 - LOANS SECURED BY DEPOSIT ACCOUNTS

001 Scope and Application

001.01 Loans or extensions of credit to any person, co-partnership, association, or corporation which are properly secured by a segregated deposit account in the lending bank shall not be subject to any limitation based on paid-up capital, surplus, and capital notes and debentures.

002 Eligible Deposit Accounts

002.01 Deposit accounts which qualify for this exception are limited to deposits in the form generally recognized as time certificates of deposit.

003 Collateral Requirements

003.01 The bank must ensure that a security interest has been perfected in the deposit, including the assignment of the specifically identified deposit. The bank should obtain possession of the certificate(s) of deposit. The bank must establish written internal procedures which will prevent the release of the deposit prior to the release of the security interest. Only that amount in excess of twenty-five percent of paid-up capital, surplus, and capital notes and debentures must be secured pursuant to this rule.