

Relating to disbursement for a bridge across Zumbro river in town of Orooco.

the state, whose duty it shall be to examine all the bills and expenditures and make a report to the state auditor of the same, showing the character of said bridge, the material used in its construction and the cost of the same; and upon receipt of the said report the auditor shall draw his warrant upon the state treasurer in favor of the county treasurer of Olmsted county, Minnesota, for the amount herein appropriated, and the said moneys shall be disbursed by the said county treasurer, on the warrant of the county auditor, to the said committee, towards paying the expenses of constructing said bridge; *Provided*, That no money shall be paid out of the treasury therefor until the said bridge is fully completed and open for travel."

SEC. 2. This act shall take effect and be in force from and after its passage.

Approved March 16, 1891.

## CHAPTER 131.

[S. F. No. 885.]

General Laws of 1889, amending Chap. 236 — building, loan and savings associations doing a general business.

AN ACT TO AMEND "AN ACT RELATIVE TO BUILDING, LOAN AND SAVINGS ASSOCIATIONS DOING A GENERAL BUSINESS," THE SAME BEING CHAPTER TWO HUNDRED AND THIRTY-SIX (236) OF THE GENERAL LAWS OF ONE THOUSAND EIGHT HUNDRED AND EIGHTY-NINE (1889).

*Be it enacted by the Legislature of the State of Minnesota:*

SECTION 1. That Chapter two hundred and thirty-six (236) of the General Laws of one thousand eight hundred and eighty-nine (1889) is hereby amended to read as follows:

Manner of incorporation and purpose.

SEC. 1. Whenever any number of persons, not less than ten (10), desire to be incorporated as a building and loan association, for the purpose of accumulating the savings and funds of its members and lending them only the funds so accumulated, they shall make and execute a written declaration to that effect, in the form now provided by statute for the execution of deeds of real estate, to entitle the same to record. Said declaration shall state the name of such association, its principal place of business, which shall be within this state, the limit of capital to be accumulated, the time of its duration, the names and places of residence of such persons, and that it is organized under this act, for the purposes herein expressed. When so executed, said declaration shall be filed and recorded in the office of the secretary of state, whereupon such officer shall issue a copy of such declaration under his certificate, in proper form, setting forth the time and place of filing and recording thereof in

Filing of articles with secretary of state and register of deeds and publication.

his office, which declaration and certificate shall thereupon be recorded in the office of the register of deeds of the county where said association is located, and published once in a daily or weekly newspaper printed and published and of general circulation in said county. Upon complying with the foregoing requirements, and upon filing an affidavit of proof of such publication in the office of the secretary of state, the persons executing such declaration, their associates and successors, shall become a corporate body.

SEC. 2. The name shall not be the same as, nor too closely resemble, that in use by any existing corporation established under the laws of this state. The words "building and loan association," or "savings and loan association," shall form a part of the same, and no corporation not organized under this act shall be entitled to use a name embodying either said combination of words; *Providing*, That associations now existing may continue their present names.

Name of the association.

SEC. 3. The directors of such association shall adopt by-laws for its government, and therein describe the manner in which its business shall be transacted, which by-laws shall be conformable to the provisions of this act and the laws of this state, and at all times be open to the inspection of all members of the association at its home office, and a copy thereof and of any amendments thereto, duly certified by the president and secretary of the association, shall, immediately upon its adoption, be filed in the office of the public examiner. The directors may amend said by-laws from time to time in such manner as they see fit, so long as such amendments are not in conflict with the provisions of this act or the laws of the state.

By-laws to be adopted and filed with public examiner.

Every such association which has not already done so shall, before its next annual election after the passage of this act, divide its board of directors, by resolution thereof, into three (3) classes, consisting of an equal number in each class, as nearly as may be. The term of office of the first (1st) class shall expire at the end of one (1) year from and after the next annual election, of the second (2d) class at the end of two (2) years, and of the third (3d) class at the end of three (3) years; and at each succeeding annual election after the one at which the full board is elected, there shall be elected a number of directors equal to those whose terms of office expire at that time, and the directors so elected shall hold their office for the term of three (3) years and until their successors are elected and qualified.

Board of directors to be in three classes, serving three years.

SEC. 4. For every loan made, a note, non-negotiable, or bond, secured by first (1st) mortgage on real estate, shall be given, which security shall be in double the value of the loan and satisfactory to the directors, and shall be accompanied by a transfer and pledge of the shares of the borrowers to the association. The shares so pledged shall be held by the corporation as collateral security for the

Loans, how made — security to be given.

performance of the conditions of said note or bond and mortgage; *Provided*, That the shares, without other security, may, in the discretion of the directors, be accepted as security for the loans for an amount not exceeding their withdrawal value, as provided by this act. Stockholders who have borrowed money of an association on real estate security, and who have pledged their stock or any portion thereof as collateral thereto, as provided herein, shall not be entitled to have the value of such stock applied on the mortgage debt where the payment on such stock is more than three (3) months in arrears, unless the same has reached a withdrawal age as fixed by this act; and when such stock has reached that age the withdrawal value thereof shall be applied on said debt whenever the stock is three (3) months in arrears.

May purchase real estate, when having a mortgage or other claim thereon.

SEC. 5. Any such association may purchase at any sale, public or private, any real estate upon which it may have a mortgage, judgment, lien or other incumbrance, or in which it may have any interests, and may sell, convey, lease or mortgage the same at pleasure to any person or persons, and may acquire and hold a lot or lots whereon is erected a building or buildings requisite for the convenient transaction of its business, and from portions of which not required for its own use a revenue may be derived. The cost of such building and lot or lots in no case to exceed five (5) per cent of its assets; *Provided*, That any such association may acquire any leasehold interest necessary for the transaction of its business.

Deposit of securities with state treasurer or a trust company, in trust.

SEC. 6. Every building and loan association heretofore or hereafter incorporated under the laws of this state and governed by this act shall deposit and keep with the state treasurer, or with a duly chartered trust company of this state, approved by the public examiner, in trust for all its members and creditors, all mortgages or other securities received by it in the usual course of its business. When deposited with a trust company, such company shall certify to the public examiner the possession of such securities, and the same shall not be surrendered without the authority and sanction of said public examiner. *Provided*, That every such corporation heretofore organized not having or owning mortgage or other securities to the amount of twenty-five thousand dollars (\$25,000) shall deposit with the state treasurer additional securities to make, with the securities so owned and deposited, the sum of twenty-five thousand dollars (\$25,000); and every such association hereafter organized under this act shall deposit and keep with the state treasurer in trust, as aforesaid, securities of the value of twenty-five thousand dollars (\$25,000) before commencing to do business. The securities mentioned in this proviso shall consist of bonds or treasury notes of the United States, or national bank stocks, or the bonds of this state, or of any other state of

Amount of deposit required of companies having no mortgages.

the United States, or of any solvent city, county or town of this state, or of any other state of the United States, having the legal authority to issue the same; and such securities may be withdrawn from time to time, when mortgage securities of corresponding value shall be deposited as provided in this act, or when securities of like character are substituted therefor, or when the same shall have been paid or are required for foreclosure or suit; and it shall be the duty of the public examiner from time to time to examine such association to ascertain whether or not its securities are deposited as required by this act.

Withdrawal and substitution of other securities.

*Provided,* That whenever required by the laws of any other state or territory, or nation, all securities taken in such state, territory or nation, by any association organized under the laws of this state and subject to the provisions of this act, and other securities sufficient to allow such association to enter and do business in such state, territory or nation, may be deposited with some officer authorized to receive the same in such state, territory or nation, under the laws thereof, for the benefit of its members and creditors; and to this end, upon the presentation to the public examiner of a duly authenticated copy of a resolution of the board of directors of any such association, having on deposit with the state treasurer or a duly chartered trust company securities in excess of twenty-five thousand dollars (\$25,000), demanding the transfer and specifying the securities to be transferred, or the amount thereof, to any other state, territory or nation, for the purpose of enabling such association to comply with the laws thereof, it shall be the duty of the public examiner to cause such transfer to be made. The expense of making such transfer shall be borne by the association requiring the same, and a receipt shall be taken by the officer or trust company making the transfer, and filed and kept in the office from which the securities are transferred in lieu thereof. But the securities kept on deposit in this state by any such association, as required by this act, shall at no time be reduced in amount by such transfer, or otherwise, below twenty-five thousand dollars (\$25,000); and in every case where securities taken in another state, territory or nation are deposited in such state, territory or nation, or when other securities are removed from this state to such other state, territory or nation for the purpose aforesaid, the association to which they belong shall make a certificate of such depository, showing the amount and character of such deposit which certificate shall be filed with the public examiner, and renewed annually, together with a statement, verified by the affidavit of some officer of such association who has knowledge of the facts, showing all the securities taken or deposited by such association in such state, territory or nation at the time of the filing of such certificate; and, in case any

May withdraw securities over \$25,000, for deposit in other states requiring deposits.

Certificate of deposits in other states to be filed with public examiner.

securities taken in such state, territory or nation are not deposited there, then the same shall be deposited in this state as required by this act.

Interests and dividends on deposited securities may be collected and held by association.

SEC. 7. All interests and dividends and premiums which may accrue on securities held by the state treasurer or such trust company, as provided for herein, and all dues or monthly payments which may become payable on stock pledged as security for loans, the mortgages for which are so deposited in accordance with the provisions of this act, may be collected and retained by the association depositing such securities or mortgages, so long as such association remains solvent and faithfully performs all contracts with its members; and when any mortgage shall have been fully paid to said corporation, the same may be surrendered to it, upon filing with the depository the affidavit of the president or vice president and secretary of any such association that such indebtedness has been paid in full, which affidavit shall be first presented to the public examiner and by him approved. And any mortgage upon which default has been made may be surrendered as aforesaid, for foreclosure, upon like affidavit that default exists and that such mortgage is withdrawn for the purpose of foreclosure of suit.

Companies from other states must show deposits of \$100,000 of securities.

SEC. 8. No building and loan association organized under the laws of any other state, territory or nation, shall do business in this state unless such association shall have securities of the value of one hundred thousand dollars (\$100,000), and of the character mentioned in this act, on deposit in trust, for all its members and creditors, with some responsible trust company duly incorporated under the laws of such state or territory in the United States, or with some authorized officer of this or some other state of the United States. Certificates of such deposit shall be made to the public examiner of this state, certifying the possession of such securities, which shall not thereafter be surrendered without the authority or consent of the public examiner or other authorized officer of the state or territory in which said company is incorporated.

Associations outside of state must file charter and certificate of securities deposited with public examiner.

SEC. 9. Every building and loan association organized under the laws of any other state, territory or nation, shall, before commencing to do business in this state, first, file with the public examiner of this state a duly authenticated copy of its charter or articles of incorporation; second, file with the public examiner of this state the certificate of the authorized officer of another state showing that securities of the value of one hundred thousand dollars (\$100,000) are on deposit with such state officer or duly incorporated trust company, in trust for all the members and creditors of such building and loan association; third, file with the public examiner of this state a duly authenticated copy of a resolution adopted by the board of directors of such as-

sociation, stipulating and agreeing that if any legal process affecting such association be served on such examiner, and a copy thereof be mailed postage prepaid by the party procuring the issue of the same, or his attorneys, to said association, addressed to its home office, then such service and mailing of such process shall have the same effect as personal service on said association in this state, and also an agreement that said association will not remove any action commenced in any state court of this state against the same to the United States court, and will pay every judgment that may be taken against it upon any such action within sixty (60) days after the final judgment shall have been entered; fourth, pay to the public examiner twenty-five dollars (\$25) as fees for filing the papers mentioned in this section.

Other agreements to be filed.

SEC. 10. When process against or affecting any foreign building and loan association is served on the public examiner, the same shall be by duplicate copies, one of which shall be filed in the office of the public examiner, and the other by him immediately mailed, postage prepaid, to the home office of said association.

Process against foreign associations to be in duplicate.

SEC. 11. The word "process" in this act shall include any writ, declaration, summons or order whereby any action, writ or proceedings shall be commenced, or which shall be issued in or upon any action, suit or proceeding authorized by law in this state.

"Process" defined.

SEC. 12. Service of process according to a stipulation provided in section nine (9) of this act shall be sufficient personal service on the association filing such stipulation.

Service of process.

SEC. 13. When by the laws of any other state, territory or nation, any taxes, fines, penalties, licenses, fees, deposits of money or securities, or other obligations or prohibitions, are imposed on building and loan associations of this state doing business in such other state, territory or nation, or upon their agents therein, so long as such laws continue in force the same obligation and prohibition, of whatever kind, shall be imposed upon all building and loan associations of such other state, territory or nation, doing business in this state, and upon their agents here.

Obligations and prohibitions of other states on outside associations to be imposed on their association-seeking business in this state.

SEC. 14. Any building and loan association organized under the laws of any other state or territory, that shall remove any action that shall be commenced against it in a court of this state to the United States court, or that shall fail to pay any judgment rendered against it upon a suit in any court of the state within sixty (60) days after the rendition of final judgment in such case, or that shall fail to make yearly statements to the public examiner as hereafter mentioned, or statements of the amount and value of its stock held in this state as hereafter required, or to pay the fees of the public examiner as provided in this act, or to do any other act required in this act to be done and performed, shall upon violation of the provisions of this act

When foreign associations may be prohibited from doing business.

have no right or authority to do or transact any further business in this state, and the public examiner shall thereupon cause notice of determination of such authority to do business to be mailed to such corporation and to be published in some newspaper of general circulation at the capital of this state, and shall communicate the facts to the attorney general of this state, who shall institute such proceedings in the matter as the case may require; *Provided*, Any such corporation may be again authorized to commence business in this state upon such terms as the public examiner may deem just and proper, and upon full compliance with the provisions of this act.

Authorized capital and par value of shares.

SEC. 15. All building and loan associations hereafter incorporated in this state shall have an authorized capital of two million dollars (\$2,000,000) at the time of the incorporation. Every share of capital stock issued by any such association shall be of the par value of one hundred dollars (\$100), but this provision shall not be construed to forbid the issue by any such association of paid-up certificates for a less amount in liquidation of stock surrendered for cancellation or withdrawn before reaching its maturity period; *Provided*, That such paid-up certificates shall be certificates of indebtedness only, and the stock in liquidation of which certificates are issued shall be thereupon surrendered and canceled.

Increase of capital stock.

SEC. 16. Any building and loan association heretofore or hereafter incorporated under the laws of this state may at any time increase the amount of its capital stock by a vote of at least three-fourths ( $\frac{3}{4}$ ) of its board of directors; *Provided*, That no such increase shall be made unless three-fourths ( $\frac{3}{4}$ ) of the capital stock previously authorized has actually been issued, and the amount of increase made at any one time shall not exceed the amount issued previous to the time of such increase. Any amendments of the articles of incorporation of any such association in any other respect shall be done at an annual meeting, by a two-thirds ( $\frac{2}{3}$ ) vote of stock represented and voted at such annual meeting on the question of such amendment or amendments, and only upon the notice hereinafter provided to be given.

Amendments to articles of incorporation.

Amendments to be filed and published.

SEC. 17. Whenever any building and loan association increases its capital stock or otherwise amends its articles of incorporation, as provided in this act, a copy of the resolution of the board of directors or stockholders making such increase or other amendment, duly verified by oath of the president and secretary of such association, shall be filed in the office of the register of deeds of the county in which the home of said association is located and in the office of the secretary of state, and be published four successive times in some daily or weekly newspaper published at the capital of the state or in the county where the association has its home office, proof of which publication shall be filed in the office of the secretary of state.

SEC. 18. In each year every building and loan association organized under the laws of this state and doing business in this or any other territory shall, within thirty (30) days after the end of the year for which its report to its stockholders is made, deposit with the public examiner an annual report of its affairs and operations for said year. Such report shall be verified under oath of the president and secretary or by three directors of the association, and shall contain the following information:

Annual reports to be made and copy to be filed with public examiner.

*First*—The amount of authorized capital and the par value of each share of stock.

Contents of annual report.

*Second*—The number of shares sold during the year.

*Third*—The number of shares canceled and withdrawn during the year.

*Fourth*—The number of shares in force at the end of the year.

*Fifth*—A detailed statement of the receipts and disbursements during the year.

*Sixth*—A detailed statement of the assets and liabilities at the end of the year.

Such report shall also show the total amount received as dues on stock under each separate class or kind of stock, and all deductions therefrom for expenses, withdrawals, cancellations, forfeitures, refunded or otherwise, and the amounts, if any, of such profits credited to stock or subject to such credit. The report shall also show the number of shares in force of each monthly issue or series, and the amount expended during the year in payment of salaries of officers, clerks, agents and all other employes, the amount expended for traveling expenses, rent, postage, including telegraph and express charges, printing, books and stationery, office supplies, office furniture, advertising, commission paid agents or other persons, and all other items of expense.

In addition to such annual report, and six (6) months after such report has been submitted to the public examiner, every such association shall prepare a report of its business for the preceding six (6) months, which report shall state the amount of resources included in mortgage loans, the amount of loans on stock of the association, the amount of loans on other securities, specifying the kind of such securities, the amount of unpaid dues, fines, premiums and interest, the amount due from agents, the amount due from banks, the amount invested in real estate and secured by foreclosure, the amount invested in furniture and fixtures, the amount of expenses paid during the six (6) months, the amount of cash on hand, and the amount of all other resources of the association not enumerated heretofore; and shall state as its liabilities the amount received from stock subscriptions, the amount due from stock delinquent in each class or kind of stock, and the unpaid fines on such stock, the amount set aside as an expense fund from each

Semi-annual report to be made.

class or kind of stock, the amount of undivided profits at the beginning of said period of six (6) months, the amount received as interest, premiums, fees, fines or other sources as profits during said period, the amount of such interest and premium delinquent at the end of such period, the amount of all bills payable, and the amount of all other liabilities at the close of said period of six (6) months. Such report shall be made within twenty (20) days after the close of said period of six (6) months, and shall be verified by the secretary and president or vice president of the association, and within thirty (30) days a statement of the assets and liabilities shall be published at least once in some newspaper in the city or town where the association's principal place of business is, and a copy of such semi-annual report, verified by the secretary, shall be filed with the public examiner within ten (10) days after the printing thereof. *Provided*, That all such statements herein required to be made shall be uniform and in accordance with a form to be prescribed therefor by the public examiner, and shall correctly show the proportion which the entire expenses of the association for the term reported bear to the gross earnings of said association for that term; and *Provided further*, That all reports required of building and loan associations organized under the laws of this state and doing a general business, are also required of all foreign building and loan associations doing business in this state, and all the provisions of this act relating to such reports, the filing thereof and the fees therefor, shall apply to such foreign building and loan associations.

To be published in a newspaper and filed with public examiner.

Penalty for neglect to file report.

Public examiner to issue certificate of authority to do business.

If any such association shall fail to furnish to the public examiner of the state any report required by this act at the time so required, it shall forfeit the sum of twenty-five dollars (\$25) for every day such report shall be delayed or withheld, and the examiner may maintain an action in his name of office to recover such penalty, and the same shall be paid in to the treasury of the state and applied to the expenses of the department of said examiner. After receiving such annual report, the public examiner, if satisfied that such corporation has complied with all [the] provisions of this act and is entitled to do business in this state, shall issue his certificate stating the compliance with such provision, and that such corporation is entitled to do business in this state, which certificate shall be in force for the period of one (1) year, unless sooner rescinded, as provided in this act. The public examiner shall also issue such certificate to a domestic corporation which has complied with the law in regard to its articles of incorporation and the deposit of securities and in all other respects except the filing of said report, which commenced business at some intervening period in any year. Such certificate shall also be issued to any foreign corporation authorized to do business in this

state, after complying with the conditions of section nine (9) of this act, and shall be in force until the time herein required for such annual report.

SEC. 19. It shall be the duty of such public examiner, at least once in each year and as often as he may deem necessary, to assume and exercise over every building and loan association incorporated under the laws of this state, its business, officers, directors and employes, all the power and authority conferred upon him over banks and other moneyed corporations under the laws of this state; *Provided*, He shall not have the power to suspend the operations of any such association, except in the manner provided in the next succeeding section. And such public examiner shall have the same supervision and control over the business, within this state, of other corporations of like kind, incorporated under the laws of other states, territories or nations, doing business in this state. Upon the completion of any examination of any association made by said public examiner, or under his direction, the association so examined shall pay to said examiner a fee, to be determined as follows, viz.: for the first one hundred thousand dollars (\$100,000) of assets, a fee of ten dollars (\$10), and for each additional one hundred thousand dollars (\$100,000) of assets, or major portion thereof, an additional fee of five dollars (\$5).

SEC. 20. If it shall appear to said public examiner, from any examination made by him, or from any report of any examination made by him, or from the annual report aforesaid, that said corporation is violating its charter or the law, or that it is conducting business in an unsafe, unauthorized or dishonest manner, he shall, by an order under his hand and seal of office addressed to such corporation, direct conformity with the requirements of its charter and of the law. And whenever such corporation shall refuse or neglect to make such report or account as may be lawfully required, or to comply with such order as aforesaid, the public examiner shall file a statement in writing with the attorney general, setting forth the facts or particulars in which such alleged violation or refusal consists, which statement shall be *prima facie* evidence of such violation or refusal, whereupon the attorney general shall institute such proceedings against any such corporations as are now or may hereafter be provided by law in the case of insolvent corporations, or such other proceedings as the occasion may require. And if such corporation shall have been organized under the laws of any other state or territory, said attorney general shall, upon receiving such communication, if in his judgment the facts in the case are sufficient to warrant such action, give notice to such corporation that it is no longer authorized to do business in this state, by depositing such notice in the post office, properly sealed and stamped, addressed to said cor-

Public examiner to have supervision and examination of books and methods of business.

Duty of public examiner in case he finds the association violating the law or its charter.

poration at its principal office in the state where incorporated, and thereupon said corporation shall cease to have any right in this state, and said notice may be published in the same manner as provided in section fourteen (14) of this act.

Bonds to be given by all officers handling money of association.

SEC. 21. All officers of any building and loan association governed by this act and doing business in this state, who sign or endorse checks or handle any funds of such association, shall give such bonds or fidelity insurance for the faithful performance of their duties as the board of directors may require, and no such officer shall be deemed qualified to enter upon the duties of his office until his bond is approved by the board of directors and the public examiner, with whom such bond shall be filed; *Provided*, That the public examiner may require of any association, at any time, such increase of said bond or additional security thereto or such increase of said insurance as he may deem necessary for the protection of the members. The penalty for the failure of any association to file and maintain the bonds or policy as required by the provisions of this section shall be a fine of one hundred dollars (\$100) for each day such association transacts business after such bond has become due under the provisions of this act. Said bond or policy shall be held in trust for the benefit and protection of the members of such association, and shall be enforceable by any member whenever the cause of action shall accrue thereon.

The name "building and loan associations" to include all societies on the building society plan.

SEC. 22. The name "building and loan association," as used in this act, shall include all corporations, societies, organizations or associations doing a saving and loan or investment business on the building society plan, whether mutual or otherwise, and whether issuing certificates of stock, which mature at a fixed time in advance, or not.

No stock for any foreign corporation shall be solicited until public examiner's certificate is issued.

SEC. 23. Any officer, director or agent, or any foreign building and loan association, or any other person whatever, who shall in this state solicit subscriptions to the stock of such association, or who shall sell or issue or knowingly cause to be sold or issued to a resident of this state any stock of such association while such association shall not have had the certificate of the public examiner authorizing it to do business in this state as herein described, or has not deposited, as required by this act, securities of the value and at the time herein prescribed, or before said association has complied with all the provisions of this act, or when said association shall have been notified and required to discontinue business in this state, as hereinbefore provided, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not less than one hundred dollars (\$100) nor more than five hundred dollars (\$500), or by imprisonment of not less than ten (10) days nor more than six (6) months, or both such fine and imprisonment, in the discretion of the court.

SEC. 24. Any officer, director or agent of any building and loan association incorporated under the laws of this state, or any other person whatever, who shall sell or issue or knowingly cause to be sold or issued to any person not a resident of the county in which the home office of said association is located, or in the counties immediately adjacent thereto, any stock of said association while said association does not have on deposit with the public examiner or some loan and trust company, as required by this act, securities of the value and at the time hereinafter prescribed, or while such association shall not have a certificate of the public examiner authorizing it to do business as herein prescribed, shall be guilty of a misdemeanor, and, upon conviction therefor, shall be punished by a fine of not less than one hundred dollars (\$100), and not more than five hundred dollars (\$500), or by imprisonment of not less than ten (10) days nor more than six (6) months, or both such fine and imprisonment, in the discretion of the court.

No stock for any state organization shall be solicited until public examiner's certificate is issued.

SEC. 25. Any premium for loans made by any association governed by this act shall not be considered or treated as interest nor render such association amenable to the laws relating to usury.

Premiums for loans not to be treated as interest.

SEC. 26. Every such association heretofore organized under the laws of this state or incorporated under this act shall not issue preferred stock, but may issue different series of stock, and all shares of stock hereafter issued shall be of the par value when matured of one hundred dollars (\$100) each. Any such association may issue installment stock to be paid in periodical sums, and prepaid stock upon which a gross sum shall be paid in advance, and which installment and prepaid stock shall mature when the amount so paid, together with the dividends declared upon the same, shall equal the par value of such stock (and a dividend-bearing prepaid stock upon which a larger sum is paid than on the prepaid stock, and upon which a partial dividend may be paid annually out of the full dividend apportioned thereto); and may also issue full-paid stock upon which the par value thereof shall be paid in advance, in the certificate of which stock the right of withdrawal may be waived for a definite time, and upon which full-paid stock a full dividend or a definite dividend may be paid, which dividend shall in no case exceed the per cent of profits earned by all classes or series of stock at the time said dividend is declared. Any such association may issue from time to time a limited amount of guaranty or permanent stock, for which the full par value shall be paid at the time of issue or in installments of five dollars (\$5) on each share, from time to time, at the option of the purchaser, until the full par value of one hundred dollars (\$100) is paid. Such guaranty or permanent stock to be paid a dividend on the amount paid in, such dividend not

Issue of preferred stock prohibited.

Installment stock may be issued, also prepaid stock.

Dividends on stock.

Guaranty or permanent stock may be issued.

to exceed the per cent of profits earned by all classes or series of stock at the time such dividend is declared. The balance of profits (if any) and the principal paid on said stock not to be paid to holders of same until all lawful claims of every other class of stock shall have been fully liquidated and paid by such association. *Provided*, That the total amount of guaranty or permanent stock at its par value issued by any association shall not exceed at the time of its issue twenty (20) per cent of the amount of payments to the credit of all other classes of stock. No building and loan association shall issue any certificate of shares until the terms and conditions thereof shall have been first submitted to and approved by the public examiner.

Form of certificate of shares to be approved by public examiner.

Withdrawal period of shares.

SEC. 27. Any shareholder whose share or shares are not in arrears or pledged upon a loan, shall be entitled to withdraw such share or shares at any time twenty-four (24) months from and after the date of the first payment on such share or shares, and not before such date; *Provided*, That the board of directors may, if they deem it to the interest of the association, buy in the share or shares of any shareholder desiring to withdraw at a previous date, paying therefor the sum paid in on said shares, less such discount as may be agreed upon and which shall not in any case exceed eight (8) per cent. Any such shareholder may give notice of withdrawal in writing to the secretary of said association, and the liability of said shareholder to pay further installments and right to share in future profits shall cease with said notice. Such withdrawing shareholder shall be entitled to receive, at the end of two years from the date of his first payment, all monthly payments made on account of such share or shares (not including admission fees or fines), less the following deductions:

Charges to be paid upon withdrawal of stock.

Fifty (50) cents on each certificate in payment for issuing and canceling the same, and two (2) per cent of the amount so paid in, for a contingent or reserve fund, to be used by the association to meet any contingency or loss in its business, from the depreciation of its securities or otherwise; *Provided*, That if the share or shares on which such notice of withdrawal is given are in arrears, a fine of ten (10) cents per share for each thirty (30) days such share or shares are delinquent may be deducted, in addition to the withdrawal fee and charge for the reserve fund hereinbefore provided for. All stockholders who do not give the notice as herein provided, failing to make payments, shall be subject to a fine of ten (10) cents per share per month for each month such payments are in arrears, for a period of six (6) months after the last payment made (such fines in the aggregate not to exceed the sum of sixty (60) cents per share), and at the end of such period of six (6) months, if arrearages and fines remain unpaid, the balance of such monthly payments, if any, after deducting the certificate fee, contingent fund and fines as herein provided, shall be

Fines against delinquent stock.

subject to withdrawal at a period not less than twenty-four (24) months from the date of the first payment, on application of the stockholder. If such delinquent shares are not reclaimed or called for within twenty-four (24) months from the date of the last payment, the balance, if any, to the credit of such delinquent shares, shall be transferred to the contingent fund herein provided for, and the delinquent shareholder shall, from the time of such transfer, have no further claim upon the association on account of such share or shares or the payments made thereon; *Provided*, That such shares which may have been pledged as collateral for the payment of a loan and become delinquent, shall be adjusted as provided for in section four (4) of this act. If such withdrawing member has made twenty-four (24) or more payments and less than thirty-six (36) payments, he shall receive the amounts paid, less the deductions provided for, and interest on such amount at the rate of five (5) per cent per annum for the actual time the association has had the payments in excess of twenty-four (24) months; and if such withdrawing member has made thirty-six (36) or more payments and less than forty-eight (48) payments, he shall receive the amount paid in, less the deductions provided for, and interest on such amount at the rate of six (6) per cent per annum for the actual time the association has had the payments in excess of twenty-four (24) months; and if such withdrawing member has made forty-eight (48) payments and less than sixty (60) payments, he shall receive the amount paid in, less the deductions provided for, and interest on such amount at the rate of seven (7) per cent per annum for the actual time the association has had the payments in excess of twenty-four (24) months; and if such withdrawing member has made sixty (60) or more payments, and the stock has not reached a maturity value, he shall receive the amounts paid in, less the deductions provided for, and interest on such amount at the rate of eight (8) per cent per annum for the actual time the association has had the payments; *Provided*, That the net profits of the association for the time the association has had the use of all of its funds shall amount to the sum of five (5), six (6), seven (7) and eight (8) per cent per annum, computed on the amounts paid in on all the shares in force at the time such withdrawals are made; and if such profits are not sufficient when so computed, then the stock so withdrawn shall be entitled to a rate per cent found to be earned as net profits during said period, such interest payments to be in all cases in lieu of such profits; *Provided further*, That if by reason of extraordinary losses the entire net profit is exhausted, the withdrawing member shall not be entitled to the interest herein named; and if by reason of extraordinary losses the association is compelled to charge such losses against its capital actually paid in, all withdrawing shares shall be subject to a *pro rata* charge of such losses with those re-

When delinquent stock is totally forfeited.

Interest to be paid on withdrawal stock, graded as to number of monthly payments made.

Provision for charge upon withdrawal stock for loss of profits.

If capital stock is impaired, assessments to be made on stock in force.

Maturing or time shares, not having reached par value, may be settled at their earned value.

Upon death of a stockholder, withdrawal value of shares to be paid after sixty days.

By-laws to provide manner of bidding for loans.

Expense fund may be 14 per cent of receipts on stock.

maining undrawn, and in such case all payment herein provided shall be considered of no effect, and the withdrawing member shall only be entitled to such sums as may be found to be due him after the adjustment of such losses among all shareholders; and *Provided further*, That whenever the capital of an association has been impaired by losses in excess of its reserve fund and profits earned, it shall be the duty of the directors to suspend sales of all classes of stock until such losses have been adjusted and distributed *pro rata* as a charge upon the shares of stock in force; and *Provided further*, That no more than one-half ( $\frac{1}{2}$ ) of the amount received in payments on stock by such association in any month shall be used to pay withdrawals, without the consent of the board of directors; and *Provided further*, That any association that has issued shares maturing at a definite period, which finds that its assets will not be sufficient under the mutual system to mature its stock at such period without unusual assessments, may, with the consent of any stockholder, settle and discharge his stock by paying to him at the maturity period, or sooner if its directors deem it practicable, such sum as he had paid into such association for monthly dues and withdrawal assessments, and such proportion of the profits as shall be mutually deemed by them equitable.

SEC. 28. Upon the death of a stockholder in any such association, his heirs or personal representatives, upon giving sixty (60) days' notice to the association, shall receive from such association the then withdrawal value of his shares, agreeable to the provisions of section twenty-seven (27) of this act.

SEC. 29. Every such association shall provide in its by-laws in what manner applications and bids for loans shall be received and who shall be entitled to loans thereunder. Such proportion of the loan fund shall be loaned upon such application as the directors shall deem advisable; *Provided*, The securities shall be in the character and amount as required by this act; and *Provided further*, That the provisions of this section relating to bidding for loans shall not apply to associations which fix the rate of interest and premium in any other manner.

SEC. 30. All associations governed by this act may, in payment of their expenses, use a sum not to exceed fourteen (14) per cent of their receipts for payments on stock. Whenever a distribution of profits is made, and at least twice in each year, each association shall charge against the profits accrued four-fifths ( $\frac{4}{5}$ ) of such expenses; or, if there is not a sufficient amount of the profits to pay such part of the expense incurred, then the total amount of said profits shall be so charged with expense, and the balance of said four-fifths ( $\frac{4}{5}$ ) of such expenses shall be carried as "Expenses paid" until the next report or distribution of profits. The remaining one-fifth ( $\frac{1}{5}$ ) of such expenses shall, at the time of making

the charges to profits, as herein provided, be carried to an account to be called "Permanent expense," which shall finally be paid as follows: Whenever any share of stock has reached a maturity value, the share of permanent expense contributed by said share of stock shall be charged against it, and the sum found after deducting such share of permanent expense shall be deemed the true maturity value of said stock. All fees and fines received by any association may be used for the payment of expenses, in addition to the amount herein provided for.

Fees and fines go into the expense fund.

SEC. 31. That not more than three (3) of the officers of any such association, incorporated under the laws of this state, shall be members of the board of directors of such association; *Provided*, That no change shall be required under this section until the next annual meeting of such association.

Officers of association limited as to number in the board of directors.

SEC. 32. All corporations organized in this state, and doing business in this or any other state as building and loan associations, shall comply with and be subject to all the provisions of this act within sixty (60) days after its passage, and shall be entitled to all the privileges and benefits thereof, without reincorporating.

Existing organizations to comply with this act within sixty days.

SEC. 33. This act shall not apply to any association organized under the laws of this state which confines its loaning and business operations wholly to its county and the counties adjacent and adjoining thereto; *Provided*, That any such association heretofore incorporated which desires to hereafter confine its business to adjacent counties, as aforesaid, may file with the public examiner a statement to that effect and also containing the names of those holding, the amount held by them of the stock of said association outside such counties, and so long as such association thereafter confines its sales of stock within the limits aforesaid it shall not be subject to the provisions hereof; and any sales of stock outside the limits of said counties, made after filing of such statements by any officers, director or agent of any association, shall subject such person to all the penalties prescribed in section twenty-four (24) of this act; *Provided further*, That nothing in this section shall be so construed to prevent the *bona fide* sale or transfer of the individual stock of any member of such association.

Local or county building and loan societies exempted from this act.

General societies may change to local societies.

SEC. 34. Every such association shall be assessed for and pay taxes upon its office furniture and fixtures and all real estate acquired in the course of its business.

Taxation upon furniture and fixtures and real estate.

SEC. 35. The amount standing to the credit of each member of any such association, upon its books, shall be considered and held as the individual credit of such member, and each member shall list the shares held by him for taxation, at their real value in money, in the county of his residence, the same as other credits are listed, except shares upon which loans have been made or money advanced by the association.

Value of shares of stock to be listed by members for taxation.

List of members and stock held and withdrawal value to be furnished public examiner.

Public examiner to report same to county auditors, who are to report names to assessors.

Authority to consolidate with one or more corporations.

Securities heretofore deposited with state auditor to be transferred to state treasurer.

Fees to be paid treasurer for filing.

Fees to public examiner and state treasurer, to be retained in lieu of extra clerk hire.

Notice of annual or special meeting—how made.

SEC. 36. It shall be the duty of every such association not incorporated under the laws of this state to make and forward to the public examiner, upon the first (1st) day of May in each year, a statement containing the names and the withdrawal value of all its stock held and owned by residents of this state, together with the place of residence of every such stockholder, except those having loans as provided in the foregoing section; and it shall be the duty of the said public examiner to make out and forward to the county auditors of the proper counties a statement of the stock held by them. And it shall be the duty of the said county auditors, upon receiving the statements provided for in this and the foregoing sections, to furnish the assessors of each town in his county having such stockholders with the names of such stockholders and the value of their stock as given in such statements, for the purpose of assessment.

SEC. 37. Any such association shall have authority to consolidate with one or more other corporations organized for the same purpose, upon such terms as may be agreed upon, when such consolidation shall be deemed advisable by a majority vote of its members, and to transfer to such consolidated corporation its entire assets, subject to the vested right of its members.

SEC. 38. All securities, cash, mortgages, certificates, bonds, notes, receipts, statements and records heretofore deposited with or received by the state auditor pursuant to law shall, upon the passage of this act, be transferred and delivered by him to the state treasurer, who shall receive the same, and who, with his sureties, shall be liable for the safe keeping thereof. The treasurer shall deliver up such securities only upon the written order of the public examiner, except in pursuance of this act. All securities of such association heretofore required to be deposited with the state auditor shall be hereafter deposited as in this act provided. Upon filing any mortgage, the treasurer shall receive a fee of fifteen (15) cents therefor, and upon withdrawal of the same he shall receive a fee of ten (10) cents therefor, to be paid by the association so filing or withdrawing it.

SEC. 39. The public examiner and state treasurer respectively shall retain all the fees by this act provided to be paid to them or either of them in lieu of any allowance for clerk hire made necessary by the extra labor imposed by this act, and they are respectively hereby authorized and empowered to make and execute any and all orders, releases or other papers which the state auditor was heretofore authorized to make or execute in the premises.

SEC. 40. At least thirty (30) days prior to any annual or special meeting of the stockholders of any such association governed by this act, a notice stating the time and place of such meeting shall be deposited in the post office at the headquarters of such association, directed to each

member to his address as the same appears at such time on the books of the association; and when so deposited, postage prepaid, shall be deemed a legal and sufficient notice of any such meeting; and there shall be attached to and accompany such notice any proposed amendment or amendments to the articles of incorporation of any such association, and a statement of any officers to be elected at such meeting. Any amendment so proposed and of which such notice shall have been duly given may be adopted at such meeting by the vote of two-thirds of the stock represented and voting thereat. Any member of such association entitled to vote at such meeting may vote in person or by proxy; but no person shall be appointed such proxy who shall not reside in the same county where the stockholder so appointing him resides at the time of such appointment, except that stockholders residing outside of this state may appoint proxies residing in any county in this state; and no person shall be appointed proxy in any case who is at the time an officer, agent or employe of any such association; and no person shall hold proxies to exceed five hundred (500) votes for any such meeting.

Proposed amendments to articles.

Proxy votes, how regulated.

No officer to hold proxy votes.

Upon all questions to be voted upon at such meeting the vote shall be taken by calling the roll of persons entitled to vote thereat, with the number of votes which each is entitled to cast, and the votes shall be by written or printed ballot, the form for which may be prescribed by the board of directors.

Voting upon all questions to be by calling the roll.

SEC. 41. This act shall take effect and be in force from and after June first (1st), A. D. one thousand eight hundred and ninety-one (1891), and any and all acts or parts of acts inconsistent herewith are hereby repealed.

Approved April 23, 1891.

## CHAPTER 132.

[S. F. No. 24.]

AN ACT TO AUTHORIZE THE LEASING, BY THE STATE LAND COMMISSIONER, OF THE LANDS BELONGING TO THE STATE SITUATED IN KANDIYOHI COUNTY, KNOWN AS THE STATE CAPITOL LANDS.

State lands in Kandiyohi county.

*Be it enacted by the Legislature of the State of Minnesota:*

SECTION 1. That the state land commissioner of the state of Minnesota be and is hereby authorized to lease the lands belonging to the state, situated in Kandiyohi county, known as the state capitol lands, upon the terms and subject to the conditions hereinafter stated.

State land commissioner authorized to lease.