

## CHAPTER 233.

S. F. No. 67.

*An act to revise and codify the laws relative to building, loan and savings associations doing a general business in the State of Minnesota.*

Building and loan associations.

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

SECTION 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 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 the state, the limit of capital to be accumulated, the time of its duration, the name and place of residence of such persons, the names and residence of its first board of directors, and that it is organized under this act for the purpose 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 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.

Incorporation.

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, or by and with the consent of the public examiner, any part thereof, by amendment of their articles of incorporation as provided in sections sixteen and seventeen of this act.

Name.

By-laws.

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 this state.

Directors.

Every such association shall divide its board of directors into three classes, consisting of an equal number in each class, as nearly as may be; the terms of office of the first class shall expire at the end of one year from and after the first annual election; of the second class at the end of two years, and of the third class at the end of three 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.

Loans, notes  
bonds, mort-  
gages and  
pledged  
shares.

SEC. 4. For every loan made on real estate security, a note, non-negotiable, or bond, secured by first mortgage on real estate, shall be given, which security shall be 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 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 ninety per cent (90 per cent) of their withdrawal value as provided by this act. Any such association may, subject to the approval of the public examiner, provide by contract with its borrowers that loans shall be fully paid at a definite period upon receipt of a specified number of payments. 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 payments of 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, in case of repayment of the loan or foreclosure of the mortgage given to secure the same. Any such association may, subject to the approval of the public examiner, provide for the adoption of the so-called divided mortgage plan, and any mortgage taken under such divided mortgage plan, which includes a senior mortgage, negotiable by such associations for the borrowers, shall be deemed a first mortgage within the meaning of this act. Any such association may receive deposits, borrow money for any legitimate object of its incorporation, and invest its surplus money, not otherwise invested in mortgage loans, in the following securities, to wit: (1) In the purchase of real estate at any tax sale held in any county of the state, or in the purchase from the state of any lands bid in for or by the state at any tax sale. (2) In bonds of the United States, or any bonds of this state or any other state of the United States. (3) In the bonds, warrants or interest bearing obligations of any city, county, town, village or school district of the State of Minnesota having legal authority to issue the same; *provided*, that any such city, county, town or village has at least five thousand (5,000) inhabitants, as determined by the last census of the United States, or this state, preceding the issue of the securities offered for sale; and *provided*, that the bonded indebtedness of such municipality, including such securities offered for sale, shall not exceed the limitation of indebtedness provided by law for such municipality. *Provided*, that no moneys shall be invested in any of the securities above named unless such moneys shall have been accumulated and remain uninvested for a period of sixty (60) days after all acceptable applications for loans by its members shall have been provided for; and *provided further*, that the amount invested in any of such securities shall not exceed twenty-five (25) per cent of the assets of any such association making such investment.

Deposits.  
Investments.

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 incumbrances, or in which it may have any interests, and may sell, convey, lease, mortgage or improve the same at pleasure, 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

Purchase of  
real  
estate.

five (5) per cent of its assets; *provided*, that any such association may acquire any lease-hold interest necessary for the transaction of its business.

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 public examiner, in trust for all its members and creditors, all mortgages except senior mortgage taken by any association under the "divided mortgage plan," and other securities received by it in the usual course of its business. *Provided*, that every such corporation heretofore organized not having or owning mortgage or other securities to the amount of twenty-five thousand (25,000) dollars, shall deposit with the public examiner additional securities to make, with the securities so owned and deposited, the sum of twenty-five thousand (25,000) dollars, and every such association hereafter organized under this act shall deposit and keep with the public examiner in trust as aforesaid, securities of the value of twenty-five thousand (25,000) dollars before commencing to do business. The securities mentioned in this provision shall consist of bonds or treasury notes of the United States, national bank stock, or the bonds of this state, or of any other state of 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, or other purposes as hereinafter provided; and it shall be the duty of the public examiner from time to time to examine such associations to ascertain whether or not its securities are deposited as required by this act. *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 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 public

Securities  
with public  
examiner.

Character  
of securi-  
ties.

Securities  
of other  
states.

examiner securities in excess of twenty-five thousand (25,000) dollars, 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 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 (25,000) dollars, 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 of 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 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.

SEC. 7. All interest and dividends and premiums which may accrue on securities held by the public examiner as provided herein, and all dues or monthly payments which may become payable on stock pledged as security for loans or payments of balances due, or any part thereof, on 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. Any mortgage upon which default has been

Interest,  
dividends,  
and premiums  
on de-  
posited se-  
curities.

made may be surrendered as aforesaid for foreclosure upon like affidavit that default exists, and that such mortgage is withdrawn for the purpose of suit. And when any negotiable security deposited with said public examiner, in accordance with the provisions of this act, shall have been paid, sold or hypothecated, the same may be withdrawn upon the presentation to, and approved by, said public examiner of a like affidavit stating the purpose of such withdrawal.

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 (100,000) dollars, 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 authority or consent of the public examiner or other authorized officer of the state or territory in which said company is incorporated.

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 (100,000) dollars 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 association, 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 in this state against the same, to the United States court, and will pay every judgment

foreign as-  
sociations,  
require-  
ments.

must file  
charter with  
public ex-  
aminer.

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 (25) dollars as fees for filing the papers mentioned in this section.

That where a foreign building and loan association doing business within this state has become insolvent and its affairs are being wound up by a receiver, the failure of such association to have complied with the laws of this state respecting its business therein shall not affect the right of such receiver to bring any suit necessary to wind up the affairs of such association.

SEC. 10. When process against or affecting any foreign building and loan association is served upon 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 as-  
sociations.

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 proceedings authorized by law of this state.

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.

SEC. 13. When, by the laws of any other state, territory or nation, any taxes, fines, penalties, licenses, fees, deposits of moneys 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.

Reciprocal  
obligations.

SEC. 14. Any building and loan association organized under the laws of any other state, territory or nation 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 in 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

Penalty  
for non-con-  
formance  
with pro-  
visions of  
this act.

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 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 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.

SEC. 15. All building and loan associations hereafter incorporated in this state shall have an authorized capital of two million (2,000,000) dollars at the time of 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 such certificates are issued shall be thereupon surrendered and canceled.

Increase  
of capital.

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 of its board of directors. *Provided*, that no such increase shall be made unless three-fourths 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 previously to the time of such increase. Any amendments to the articles of incorporation of any such association in any other respect shall be done at an annual or special meeting by a majority vote of stock represented and voted at such meeting on the question of such amendment or amendments, and only on the notice hereinafter provided to be given.

Record of  
amended  
articles.

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 resolutions of the board of directors or stockholders mak-



ing such increase or other amendments duly verified by oath of the president and secretary of such association, shall be recorded in the office of the register of deeds of the county in which the home office of said association is located, and in the office of the secretary of state, and filed with the public examiner, 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 and public examiner.

SEC. 18. 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. Said report shall be verified under oath of the president and secretary, or by three directors of the association, and shall contain the following information: First, the amount of authorized capital, and the par value of each share of stock; 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 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, refunds or otherwise, and 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 employees, 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 and other persons, and all other items of expense. In addition to such annual report, every such association shall file with the public examiner a detailed and complete copy, duly certified, of the semi-annual report of the officers as made to their stockholders. *Provided*, that all such annual 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

Annual report to public examiner.

Contents of report.

Semi-annual report.

which the entire expenses of the association for the term reported bears 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 and 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. 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 (25) dollars 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 into 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, within thirty (30) days after receiving the aforesaid annual report, 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, and for each such certificate such foreign association entitled thereto shall pay into the treasury of the State of Minnesota the sum of twenty (20) dollars before receiving the same.

SEC. 19. It shall be the duty of such public examiner, at least once in each year, and as often as he may deem it necessary, to assume and exercise over every building and loan association incorporated under the laws of this state, its business, officers, directors and employees, all the power and authority conferred upon him over banks under the laws of this state: *provided*, he shall not have the power to suspend the operation of any such association, except in the manner provided in the next succeeding section.

Penalty  
for not  
reporting.

Examiner's  
certificate.

Power of  
examiner.

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 and nations doing business in this state. Any association examined by the public examiner shall pay to said examiner an annual fee, to be determined as follows, viz: For the first hundred thousand dollars of assets, or fractional part thereof, the sum of twenty (20) dollars, and for the next five hundred thousand (500,000) dollars, the sum of ten (10) dollars for each one hundred thousand (100,000) dollars or fractional part thereof, and for all amounts in excess of six hundred thousand (600,000) dollars, the sum of five (5) dollars for each one hundred thousand (100,000) dollars or fractional part thereof. In addition to the examination provided for in this section, the public examiner may, if necessary, cause to be made an appraisal and valuation of the real estate which any such association may own or hold as security, and the reasonable expenses necessarily incurred in making said appraisal shall be paid by such association into the state treasury, and the amount so paid shall be placed to the credit of the contingent fund of the office of the public examiner for the current fiscal year.

Examina-  
tion fees.

SEC. 20. If it shall appear to said public examiner, from any examination made by him, or from any report of any examination made to him, or from any annual or semi-annual report aforesaid, that any corporation governed by this act 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 orders aforesaid, within thirty (30) days from date therefore, or if it has become apparent that there is such a deficiency in its assets that the purpose for which the association was organized cannot be carried out, the public examiner may, if such corporation be organized under the laws of the State of Minnesota, forthwith take charge of the books, records and the assets of every description of such corporation, and shall at once proceed to make a careful and detailed examination of the condition of the affairs of such corporation; and the books, records and assets of such corporation so held by him shall not be subject to levy or attachment or garnishment at any time while under his

Action of  
examiner  
upon viola-  
tion of law.

When ex-  
aminer may  
assume  
control.

control. If at the close of such examination it shall appear to the public examiner that such corporation is able to complete and fulfill its contracts with its members, and that it is for the best interests of the stockholders that such corporation shall continue to do business, but that its officers or directors or any of them are disqualified from acting as such by reason of incompetency, dishonesty or negligence in the management of the affairs of said corporation, he shall file a statement in writing with the attorney general setting forth the facts in relation to such disqualification, whereupon the attorney general shall apply to the district court of the county where the home office of such corporation is located for an order to show cause why such officers and directors, or any of them, should not be removed, which order, if granted, shall be returnable not less than ten (10) days from the date of service thereof. If at the hearing upon said order to show cause the court shall find that the affairs of such corporation are being mismanaged, or that any of its officers or directors are dishonest, incompetent or negligent, the court may direct the removal of such officers or directors, or any of them, and may further require the public examiner to call a special meeting of the stockholders of such corporation, at its home office, in the manner prescribed in its by-laws, for the purpose of electing directors or officers to fill such vacancies as may exist by reason of such removal and for such other business as may properly come before such meeting. The officers and directors elected at such special meeting shall hold office until the next annual meeting of such corporation, and until their successors are elected and qualified, but no officer or director who shall have been removed for cause shall be eligible to re-election.

Court may  
remove of-  
ficials.

Newly elect-  
ed officers.

Upon the election and qualification of such newly elected officers and directors the public examiner shall forthwith relinquish the books, records and assets of such corporation to its proper officers. If, at the close of such detailed examination as aforesaid it shall appear to the public examiner that the corporation is unable to complete and fulfill its contracts with its members, and that it would be unwise and unprofitable for such corporation to continue to do business, he shall file a statement in writing with the attorney general, setting forth the condition of such corporation, with his reason for such proceedings. Whereupon the attorney general shall apply to the said district court for an order to show cause why the affairs of such corporation should not be

wound up and settled for the best interests of all its stockholders, which order, if granted, shall be returnable not less than ten (10) days from the date of service thereof. If at the hearing upon said order to show cause the court shall find that such corporation is unable to complete and fulfill its contracts with its members and that it is unwise and inexpedient to continue to do business, the court shall order and direct that such corporation go into liquidation, and its affairs be wound up and settled under the direction of the court. And the court shall thereupon vest the management and control of such corporations in such of the directors or officers thereof as may be best fitted in the judgment of the court to settle and wind up the affairs of such corporation. The office of the remaining directors and officers of such corporation shall be declared vacant by the court; *provided*, that the court may remove all or any of the directors and officers of such corporation if in its judgment it shall be for the best interests of the corporation to do so; and upon the removal of all directors, the court shall appoint as directors of such corporation not less than three (3) persons, at least two of whom shall have been stockholders for at least one year prior to the date of such appointment; the persons in whom the management of the affairs of such corporation is vested, as aforesaid, shall give such bonds or fidelity insurance as may be required by the court. *Provided*, that at least two of such directors shall reside in the State of Minnesota. The court may, at any time, for cause, as aforesaid, remove any or all officers and directors, and appoint others as aforesaid. *Provided further*, that whenever the number of shareholders of such corporation shall be less than fifty (50) and their holdings of stock less than five hundred (500) shares, the court shall remove all officers and directors of such corporation and appoint one stockholder residing in the State of Minnesota, as special commissioner, to wind up its affairs; and *provided further*, that all such liquidation shall be under the supervision of the court. Such officers and directors shall report in such manner and at such times as the court may direct.

When court  
may close  
associa-  
tions.

Voluntary,  
liquidation.

Any corporation governed by this act may, if ordered by a majority vote of its directors, or a vote of three-fourths of its stock, at any regular or special meeting of its shareholders voluntarily go into liquidation; *provided*, that the public examiner shall consent in writing thereto. Notice of such action by the directors or stockholders, and the consent of the public examiner shall be mailed to each stockholder of such corporation, at his last re-

corded address; and thereupon such corporation going into voluntary liquidation may adopt such methods and measures as may be lawful, equitable and just for the winding up of its affairs, subject to the direction and control of the public examiner; *provided* that the methods so adopted shall, as nearly as may be, conform to the original plans and objects of such corporation; *provided, also*, that any change in such plans or methods shall be approved by the public examiner before being so adopted by such corporation; and it is further *provided*, that if it shall appear to be for the best interests of such corporation, the board of directors may change the plan of loans to a definite time or times of payment, at a rate of interest not exceeding the legal contract rate per annum, or may sell or hypothecate any or all of its mortgages for cash, at such times and on such terms of settlement as may appear to the best interest of such corporation.

Consolidation.

Any such corporation in course of liquidation shall have authority to consolidate with any other corporation organized for the same purpose upon such terms as may be agreed upon and authorized by the board of directors of the respective corporations, the majority of the stock consenting thereto, and to transfer to such consolidated corporation its entire assets, subject to existing liabilities.

All expenses of such liquidation, whether voluntary or otherwise, including the compensation of officers, employes and directors shall be paid from the funds belonging to such corporation, subject to the approval of the public examiner, in lieu of the expenses provided for in section thirty (30) of this act.

Examiner may prohibit foreign associations, when.

And if such corporation shall have been organized under the laws of any other state or territory, the public examiner shall file his statement in writing with the attorney general, setting forth the facts or particulars in which said alleged violation or refusal consists, which statement shall be prima facie evidence of such violation or refusal; and said attorney general shall, upon receiving such communication, if, in his judgment the facts of 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 postoffice properly sealed and stamped, addressed to said corporation, 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 of this act.

The proceedings prescribed in this section for the winding up and liquidation of the affairs of corporations governed by this act shall be exclusive of any remedies provided by the laws of the State of Minnesota relating to general corporations.

SEC. 21. All officers of any building and loan association governed by this act and doing business in this state, who sign or indorse 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 to be 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 such association to file and maintain the bonds or policy as required by the provisions of this section, shall be a fine of one hundred (100) dollars 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.

Officers'  
bonds.

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.

Name in-  
cludes.

SEC. 23. Any officer, director, or agent of any foreign building and loan association, or any other person whatever, who shall in this state solicit subscriptions for the stock of such association, or who shall sell or issue or knowingly cause to be sold, or issue, 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 times herein prescribed, or before such association has complied with all the pro-

Liability of  
agent of  
foreign as-  
sociation.

visions 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 (100) dollars or more than five hundred (500) dollars 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.

Liability of  
officer or  
agent of  
home as-  
sociation,

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, 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 thereof, shall be punished by a fine of not less than one hundred (100) dollars and not more than five hundred (500) dollars, 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.

Premiums  
not usury.

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.

Preferred  
stock pro-  
hibited.

SEC. 26. No such association organized under the laws of this state, or incorporated under this act, shall issue preferred stock, but may issue different series of a stock, and all shares of stock hereafter issued shall be of the par value of when matured, of one hundred (100) dollars each.

Deposit and  
installment  
stock.

Any such association may issue deposit stock upon the terms and conditions provided in the by-laws of the association issuing the same, 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 the said dividend is declared. Any such association may issue guaranty or permanent stock for which the full par value shall be paid at the time of issue or in such installments, as may be provided in the by-laws of the association. Such guaranty or permanent stock shall be entitled to receive dividends not exceeding the per cent of profits earned by all fully participating classes of stock at the time such dividend is declared, such dividends to be credited to the stock until fully paid, and when such stock is fully paid the dividend shall be paid in cash to the holders thereof. The balance of profits, if any, and the principal paid on said stock not to be paid to holders of the same until all lawful claims of every class of stock shall have been fully liquidated and paid by such association. No building and loan association shall issue any certificates of shares until the terms and conditions thereof shall have been first submitted to and approved by the public examiner.

SEC. 27. Any holder of installment or prepaid stock, 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.

Withdrawal  
of stock.

*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 stockholder 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 the association, and the liability of such 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 fee or fines) less the following deductions:

Valuation  
of stock  
withdrawn.

Fifty (50) cents on each certificate in payment for issuing and cancelling 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 the arrearages and fines remain unpaid, the balance of such monthly payments, if any, after deducting the certificate fee, contingent funds, and fines, as herein provided, shall be subject to withdrawal at a period of 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 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, he shall receive the amounts paid, less the deductions provided for and three-fourths of the net profits credited to the stock of such withdrawing shareholder.

*Provided further*, that if by reason of extraordinary losses, the entire net profits are exhausted, the withdrawing member shall not be entitled to the profits 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 remaining undrawn, and in such case, all payments herein

Provisions,  
on valuation.

provided for, 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 it shall be found that 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 (1-2) of the amounts received in payments on stock by such association in any month, shall be used to pay the withdrawal and maturity value of stock 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 mutually be deemed by them equitable.

SEC. 28. Every association shall, in addition to the contingent fund provided for in section twenty-seven (27) of this act, set apart out of the net profits of each year for a contingent or reserve fund, the sum of not less than five (5) per centum and not to exceed ten (10) per centum of such net profits for that year; such contingent or reserve fund shall be used for the purpose of making good any losses that may be sustained by such association.

Contingent  
or reserve  
fund.

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 funds of the association shall be loaned upon such application as the directors shall deem advisable; *provided* the securities shall be of the character 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.

Loans.

SEC. 30. Whenever a distribution of profits is made and at least twice in each year, each association shall

Profits.

charge against the profits accrued, four-fifths (4-5) of its 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 the profits shall be so charged with expense, and the balance of said four-fifths (4-5) of such expenses shall be carried as "expensed paid" until the next report or distribution of profits. The remaining one-fifth (1-5) of such expenses shall, at the time of making the charge 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 shares 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.

Application  
of this act.

SEC. 31. All corporations heretofore 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, and shall be entitled to all privileges and benefits thereof without reincorporating.

SEC. 32. 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 counties adjacent and adjoining thereto: *provided*, that any such association incorporated which desires hereafter to 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 county may, 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.

Taxation  
of property  
and shares  
of stock.

SEC. 33. 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.

SEC. 34. 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.

SEC. 35. 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 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, and it shall be the duty of said public examiner to make out and forward to the county auditors of proper counties a statement of the stock held by them, and it shall be the duty of the said county auditor upon receiving the statements provided for in this and the foregoing sections, to furnish the assessors in 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.

To furnish  
lists of  
shareholders  
for tax-  
ation.

SEC. 36. Any such association shall have authority to consolidate with, or sell and dispose of all or a portion of its assets to one or more other corporations organized for the same purpose, upon such terms as may be agreed upon when such consolidation or sale shall be deemed advisable by a majority vote of its members, present and voting at any regular or special meeting of such association, and to transfer to such consolidated corporation its entire assets, or to such other corporation or corporations all or a portion of its assets; subject to the vested rights of its members.

Consolida-  
tion.

SEC. 37. All securities, cash, mortgages, certificates, bonds, notes, receipts, statements and records heretofore deposited with, or received by the state treasurer, pursuant to law, shall upon the passage of this act, be transformed and delivered by him to the public examiner, who shall receive the same and who, with his sureties, shall be liable for the safe keeping thereof. All securities of such association heretofore required to be deposited with the state treasurer, shall be hereafter deposited as in this act provided. Upon filing any mortgage or security the public examiner shall receive a fee of fifteen (15) cents therefor to be paid by the association so filing or withdrawing it.

Transfer of  
documents  
to public  
examiner.

SEC. 38. The public examiner shall retain all the fees by this act provided to be paid to him in lieu of any allowance for clerk hire made necessary by the extra labor imposed by this act, and he is hereby authorized and empowered to make and execute any and all orders,

Examiner  
to retain  
fees.

releases, or other papers which the state treasurer was heretofore authorized to make or execute in the premises.

Notice of  
annual  
meeting and  
proposed  
amendments.

SEC. 39. At least thirty (30) days prior to the 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 postoffice 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 any accompanying such notice, any proposed amendment or amendments to the articles of incorporation, of any such association, and a statement of any officer to be elected at such meeting. Any amendments 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.

Voting.

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 vote shall be by written or printed ballot, the form for which may be prescribed by the board of directors.

SEC. 40. This act shall not apply to any association commonly known as a local building and loan association which confines its business to the country in which it is located and the adjacent counties.

SEC. 41. All acts and parts of acts inconsistent with this act are hereby repealed.

SEC. 42. This act shall take effect and be in force from and after its passage.

Approved April 11, 1901.

S. F. No. 185.

## CHAPTER 234.

Marriage  
of persons  
afflicted  
with imbecility, etc.

*An act regulating marriage and prohibiting marriage by or with persons afflicted with imbecility, feeble-mindedness, epilepsy or insanity, and prescribing penalties for the punishment of persons violating the provisions of this act.*

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

SECTION 1. No woman under the age of forty-five (45) years or man of any age, except he marry a woman