

if any such orphan is insane, idiotic, or otherwise mentally or physically helpless, the pension referred to may be extended beyond the age of sixteen years and during the period of such disabilities. Provided, further, however, that all applications for a pension on account of such injuries or disabilities shall be made within sixty days after such applicant has ceased to be a member of the fire department."

Approved April 13, 1925.

CHAPTER 206—H. F. No. 694.

An act to provide for the organization, operation and supervision of co-operative savings and credit associations to be termed "credit unions" and to define their powers.

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

Section 1. Savings and credit association may be organized.
—Any seven residents of the State of Minnesota may apply to the Superintendent of Banks for permission to organize a credit union.

A credit union is a co-operative society, incorporated for the two-fold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes.

A credit union is organized in the following manner:

(a) The applicants execute in duplicate a certificate of organization by the terms of which they agree to be bound. The certificate shall state:

- (1) The name and location of the proposed credit union.
- (2) The names and addresses of the subscribers to the certificate and the number of shares subscribed by each.
- (3) The par value of the shares of the credit union which shall not exceed \$10.00 each.

(b) They next prepare and adopt by-laws for the general governance of the credit union consistent with the provisions of this act, and execute the same in duplicate.

(c) The certificate and the by-laws, both executed in duplicate, are forwarded to the said Superintendent of Banks.

(d) The said Superintendent of Banks shall, within thirty days of the receipt of said certificate and by-laws, determine whether they comply with the provisions of this Act, and whether or not the organization of the credit union in question would benefit the members of it and be consistent with the purposes of this act.

(e) Thereupon the said Superintendent of Banks shall notify the applicants of his decision. If it is favorable he shall issue a certificate of approval, attached to the duplicate certificate of or-

ganization and return the same, together with the duplicate by-laws to the applicants.

(f) The applicants shall thereupon file the said duplicate of the certificate of organization, with the certificate of approval attached thereto, with the Register of Deeds of the county within which the credit union is to do business, who shall make a record of said certificate and return it, with his certificate of record attached thereto, to the said Superintendent of Banks for permanent record.

(g) Thereupon the applicants shall become and be a credit union, incorporated in accordance with the provisions of this Act.

In order to simplify the organization of credit unions the said Superintendent of Banks shall, upon the passage of this Act, cause to be prepared an approved form of certificate of organization and a form of by-laws, consistent with this Act which may be used by credit union incorporators for their guidance, and on written application of any seven residents of the State, shall supply them without charge with a blank certificate of organization and a copy of said form of suggested by-laws.

Sec. 2. Superintendent of Banks to approve by-laws and amendments.—Any and all amendments to the by-laws must be approved by the said Superintendent of Banks before they become operative.

Sec. 3. Use of certain words a misdemeanor.—It shall be a misdemeanor for any person, association, copartnership or corporation (except corporations organized in accordance with the provisions of this act) to use the words "credit union" in their name or title.

Sec. 4. Powers of credit unions.—A credit union shall have the following powers:

(a) To receive the savings of its members either as payment on shares or as deposits (including the right to conduct Christmas Clubs, Vacation Clubs and other such thrift organizations within its membership).

(b) To make loans to members for provident or productive purposes.

(c) To make loans to a co-operative society or other organization having membership in the credit union.

(d) To deposit in state and national banks and trust companies authorized to receive deposits.

(e) To invest in any investment legal for savings banks or for trust funds in the state.

(f) To borrow money as hereinafter indicated.

Sec. 5. Membership in credit unions.—Credit union membership shall consist of the incorporators and such other persons as may be elected to membership and subscribe to at least one share, pay the initial installment thereon and the entrance fee. Organiza-

tions (incorporated or otherwise) composed for the most part of the same general group as the credit union membership may be members. Credit union organization shall be limited to groups (of both large and small membership) having a common bond of occupation, or association or to groups within a well-defined rural district.

Sec. 6. To be under Superintendent of Banks.—Credit unions shall be under the supervision of the Superintendent of Banks. They shall report to him at least annually on or before the 31st day of December on blanks supplied by the said Superintendent for that purpose. Additional reports may be required. Credit unions shall be examined at least annually by the said Superintendent except that, if a credit union has assets of less than \$25,000, he may accept the audit of a certified public accountant in place of such examination. For failure to file reports when due, unless excused for cause, the credit union shall pay to the Treasurer of the State \$5.00 for each day of its delinquency. If the said Superintendent determines that the credit union is violating the provisions of this act, or is insolvent, the said Superintendent may serve notice on the credit union of his intention to revoke the certificate of approval. If, for a period of fifteen days after said notice, said violation continues, the said Superintendent may revoke said certificate and take possession of the business and property of said credit union and maintain possession until such time as he shall permit it to continue business or its affairs are finally liquidated. He may take similar action if said report remains in arrears for more than fifteen days.

The credit union shall pay the same fees to the Superintendent of Banks for examination as are now provided for Building and Loan associations.

Sec. 7. Fiscal year—meetings and purposes.—The fiscal year of all credit unions shall end December 31st. Special meetings may be held in the manner indicated in the by-laws. At all meetings a member shall have but a single vote whatever his share holdings. To amend the by-laws, the proposed amendments must be contained in the call for the meeting and it must be approved by three-fourths of the members then present (which number must constitute a quorum) and by the said Superintendent. There shall be no voting by proxy, a member other than a natural person casting a single vote through a delegated agent.

Sec. 8. Annual meetings—election of officers.—At the annual meeting (the organization meeting shall be the first annual meeting) the credit union shall elect a board of directors of not less than five members, a credit committee of not less than three members and a supervisory committee of three members, all to hold office for such terms respectively as the by-laws provide and until successors qualify. A record of the names and addresses of the members of the

board and committees and the officers shall be filed with the Superintendent within ten days of their election.

Sec. 9. Officers and directors.—At their first meeting the Directors shall elect from their own number a President, Vice-President, Treasurer and Clerk, of whom the last two named may be the same individual. It shall be the duty of the Directors to have general management of the affairs of the credit union, particularly:

- (a) To act on applications for membership.
- (b) To determine interest rates on loans and on deposits.
- (c) To fix the amount of the surety bond which shall be required of all officers and employes handling money.
- (d) To declare dividends, and to transmit to the members recommended amendments to the by-laws.
- (e) To fill vacancies in the Board and in the Credit Committee until successors are chosen and qualify.
- (f) To determine the maximum individual share holdings and the maximum individual loan which can be made with and without security.
- (g) To have charge of investments other than loans to members.

The duties of the officers shall be as determined in the by-laws, except that the Treasurer shall be the General Manager. No member of the Board or of either Committee shall, as such, be compensated.

Sec. 10. Credit committee to pass on loans.—The Credit Committee shall have the general supervision of all loans to members. Applications for loans shall be on a form, prepared by the Credit Committee, and all applications shall set forth the purpose for which the loan is desired, the security, if any, offered, and such other data as may be required. Within the meaning of this section an assignment of shares or deposits or the endorsement of a note may be deemed security. At least a majority of the members of the Credit Committee shall pass on all loans and approval must be unanimous. The Credit Committee shall meet as often as may be necessary after due notice to each member.

Sec. 11. Duties of Supervisory Committee.—The Supervisory Committee shall—

(a) Make an examination of the affairs of the credit union at least quarterly, including an audit of its books and, in the event said committee feels such action to be necessary, it shall call the members together thereafter and submit to them its report.

(b) Make an annual audit and report and submit the same at the annual meeting of the members.

(c) By unanimous vote, if it deem such action to be necessary to the proper conduct of the credit union, suspend any officer, director or member of committee and call the members together to act

on such suspension. The members of said meeting may sustain such suspension and remove such officer permanently or may re-instate said officer.

By majority vote the Supervisory Committee may call a special meeting of the members to consider any matter submitted to it by said committee. The said committee shall fill vacancies in its own membership.

Sec. 12. Capital—entrance fee.—The capital of a credit union shall consist of the payments that have been made to it by the several members thereof on shares. The credit union shall have a lien on the shares and deposits of a member for any sum due to the credit union from said member or for any loan endorsed by him. A credit union may charge an entrance fee as may be provided by the by-laws.

Sec. 13. Who may hold shares.—Shares may be issued and deposits received in the names of a minor or in trust in such manner as the by-laws may provide. The name of the beneficiary must be disclosed to the credit union. Such deposits shall be held in accord with and in all respects be subject to the provisions of Section 7711, General Statutes 1923, provided that nothing herein shall prevent a credit union from accepting a joint deposit of a member and such member's minor dependents.

Sec. 14. Interest rates.—Interest rates on loans made by a credit union shall not exceed one per cent a month on unpaid balances.

Sec. 15. May borrow money.—A credit union may borrow from any source in total sum which shall not exceed 50% of its assets.

Sec. 16. May loan money.—A credit union may loan to members. Loans must be for a provident or productive purpose and are made subject to the conditions contained in the by-laws. A borrower may repay his loan in whole or in part any day the office of the credit union is open for business. No director, officer or member of committee may borrow from the credit union in which he holds office beyond the amount of his holdings in it in shares and deposits, nor may he endorse for borrowers.

Sec. 17. Reserve fund.—All entrance fees, fines (which may be provided by the by-laws for failure to make repayments on loans and payments on shares when due), and each year, before the declaration of a dividend, 20% of the net earnings shall be set aside as a reserve fund which shall be kept liquid and intact and not loaned out to members, and shall belong to the corporation to be used as a reserve against bad loans and not be distributed except in case of liquidation.

There shall also be established and at all times maintained a reserve of not less than 5% of the amount of the deposits.

Sec. 18. Dividends.—On recommendation of the Directors, a credit union may, at the end of the fiscal year, declare a dividend from net earnings, which dividend shall be paid on all shares outstanding at the end of the fiscal year. Shares which become fully paid up during the year shall be entitled to a proportional part of said dividend calculated from the first day of the month following such payment in full.

Sec. 19. Expulsion of members.—A member may be expelled by a two-thirds vote of the members present at a special meeting called to consider the matter but only after a hearing. Any member may withdraw from the credit union at any time but notice of withdrawal may be required. All amounts paid on shares or as deposits of an expelled or withdrawing member, with any dividends or interest accredited thereto, to the date thereof, shall, as funds become available and after deducting all amounts due from the member to the credit union, be paid to him. The credit union may require 60 days' notice of intention to withdraw shares and 30 days' notice of intention to withdraw deposits. Withdrawing or expelled members shall have no further right in the credit union but are not, by such expulsion or withdrawal, released from any remaining liability to the credit union.

Sec. 20. Voluntary dissolution.—The process of voluntary dissolution shall be as follows:

(a) At a meeting called for the purpose (notice of which purpose must be contained in the call) four-fifths of the entire membership of the credit union may vote to dissolve the credit union.

(b) Thereupon they file with the said Superintendent of Banks a statement of their consent to dissolution, attested by a majority of the officers and including the names and addresses of the officers and directors.

(c) The said Superintendent determines whether or not the credit union is solvent. If such is the fact he issues in duplicate a certificate to the effect that this section has been complied with.

(d) The certificate is filed with the Register of Deeds of the county in which the credit union is located, whereupon the credit union is dissolved and shall cease to carry on business except for the purposes of liquidation.

(e) The credit union shall continue in existence for the purpose of discharging its debts, collecting and distributing its assets and doing all other acts required in order to wind up its business, and may sue and be sued for the purpose of enforcing such debts and obligations until its affairs are fully adjusted and wound up, for three years.

Sec. 21. May change place of business.—A credit union may change its place of business on written notice to said Superintendent.

Sec. 22. Shall be deemed savings bank for taxation purposes.—A credit union shall be deemed savings bank for purposes of taxation.

Sec. 23. Conflicting acts repealed.—All laws and parts of laws in conflict herewith are hereby repealed.

Sec. 24. Application.—Nothing contained in this Act, shall apply to any person engaged in the business of loaning money under Sections 7042 and 7043, General Statutes 1923, nor to any transactions under said laws.

Approved April 14, 1925.

CHAPTER 207—S. F. No. 335.

An act requiring all persons, firms and corporations cutting standing timber in this state for commercial purposes to file a notice thereof with the county auditor of the county wherein lies the land upon which such timber is being cut, and providing penalties for failure to comply with the provisions of this act.

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

Section 1. Loggers to file notice with County Auditor.—All persons, firms and corporations cutting standing timber in this state for commercial purposes from land on which taxes or special assessments remain unpaid shall, at or before the time of the commencement of logging operations, file a notice in writing with the county auditor of the county wherein the land is situate which said notice shall contain the name of the owner of the land, the owner of the timber, the legal description of the premises, the kind and approximate amount of timber proposed to be cut and removed in the particular logging operation, the person, firm or corporation, if any, to whom the timber has been contracted to be delivered, and the proposed place of landing.

Sec. 2. Notice not to be public.—Said notice shall be preserved by the county auditor with whom filed and neither it nor its contents shall be disclosed by him or by any person to whom made known, except to the extent only that may be required in collecting the taxes and assessments aforesaid, or by order of a court of competent jurisdiction.

Sec. 3. Violation to be misdemeanor.—Any person, firm or corporation failing to comply with all the requirements of this act shall be liable in a civil action for all taxes and assessments assessed upon said timber or against the land from which same was cut and removed at the time of such cutting and removal thereof, and shall also be guilty of a misdemeanor, unless it be shown that such failure was not with intent to evade payment of such taxes and assessments.