

Sec. 3. Such county attorney shall appoint and employ a first assistant county attorney, whose salary shall be fixed by the county board of said county at not less than \$3600.00 and not more than \$4500.00 per annum; a second assistant county attorney whose salary shall be not more than \$3600.00 per annum; a third assistant county attorney, whose salary shall be not more than \$3300.00 per annum; a fourth assistant county attorney, whose salary shall be not more than \$3000.00 per annum; and one investigator whose salary shall be not more than \$2400.00 per annum, all as shall be fixed within such limits by the county board of any such county. All of said Assistant County Attorneys shall be attorneys duly admitted to practice in all the courts of the State of Minnesota, and they shall take the official oath of office and execute a bond in all respects the same as the county attorney is by law required to execute, and all said Assistant County Attorneys shall be fully authorized to do and perform, at the direction of the county attorney, any and all duties pertaining to such office of such county attorney. The said Investigator shall be a Peace Officer, and shall possess all powers by law provided and vested in Peace Officers, Police Officers and Deputy Sheriffs, and the said Investigator shall be under the sole and exclusive jurisdiction of the county attorney. Such county attorney and such assistant county attorneys and the said Investigator shall also receive actual and necessary traveling expenses incurred in the business of the county, which traveling expenses shall be allowed and paid by the county on a verified itemized bill, in the same manner as other bills against the county.

Sec. 4. Said county attorney may also employ help for stenographic and clerical work, but the aggregate of all salaries and expenses for such stenographic and other clerical work shall not exceed \$3,500.00 per annum.

Sec. 5. The above named salaries and compensation of said county attorney and said assistant county attorneys and said Investigator and said stenographers and clerks shall be paid monthly in the same manner as county officials are now paid, and the same shall be in full compensation for all services rendered by said county attorney, assistant county attorneys, investigator, stenographers and clerks respectively, in their capacity except as otherwise provided by law.

Sec. 6. All acts or parts of acts, whether general or special, that are inconsistent with this Act, are hereby repealed.

Approved April 17, 1925.

CHAPTER 260—H. F. No. 275.

An act relating to building and loan associations and revising, amending, consolidating, and rearranging the laws relating thereto.

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

Section 1. Present Building and Loan Associations to continue.—That Section 7748 of the General Statutes of 1923 be and the same hereby is amended so as to read as follows:

"Sec. 7748. Building and loan associations may be formed for the accumulation of funds to be loaned to their members to be secured as hereinafter provided; and hereafter no such corporation shall be organized or operated for any such real or nominal purposes otherwise than as herein prescribed. *Until otherwise provided by law all existing financial corporations conducting the business of building and loan associations at the time of this act taking effect shall continue to exercise and enjoy all powers and privileges possessed by them under their respective articles of incorporation and the laws applicable thereto then in force not inconsistent with the provisions of this act, and shall remain subject to all duties and liabilities to which they were then subject.*"

Sec. 2. Territorial limits of operation.—That Section 7749, General Statutes 1923, be and the same hereby is amended so as to read as follows:

"Sec. 7749. Every local association by provision in its certificate of incorporation or by-laws, shall confine its field of operation exclusively to the county of its principal place of business and those immediately contiguous thereto, and upon failure so to do shall, without any other act or proceedings, forfeit all corporate rights and franchises, except to close its affairs provided, that any association now or hereafter incorporated, may enlarge its territory by making application to the *State Securities Commission in accordance with the provisions of Sections 3997 to 4000, inclusive, of the General Statutes of 1923, the notice of hearing provided for in said Sections 3997 to 4000, inclusive, shall be inserted in a newspaper published at the county seat of each and every county included in such application. If the commission finds on hearing that there is a reasonable public demand for such service, and the commission is satisfied that the association will be safely and properly managed in its enlarged territory the application shall be approved; otherwise the application shall be denied in whole or in part.*"

Sec. 3. Purposes of association.—Building and Loan Associations are financial corporations under public control, authorized solely to accumulate funds to be loaned to their members upon their homes or upon other improved real estate and to otherwise carry on, in accordance with law, the business of building and loan associations.

A local association is one that confines its field of operation to the county in which is located its principal place of business and to counties immediately contiguous thereto.

A state association is one that upon application to the State Se-

curities Commission has been authorized to do business in additional counties.

Sec. 4. Who may incorporate association.—Seven or more persons may incorporate to form a building and loan association. Such persons shall subscribe and acknowledge a certificate specifying:

1. The name, the field of operation, the principal place of transacting business. Such name shall distinguish it from other corporations and must include therein the words, "building" and "loan" and end with the word "association," provided that if at any time it is authorized to do business in added territory it shall include in the name the words, "a state association" in all advertising or literature.

2. The period of its duration, if limited.

3. The names, occupations, addresses, and the number of shares of capital subscribed by each incorporator.

4. In what board its management shall be vested, the date of the annual meeting at which it shall be elected, the names and addresses of those composing the board until the first election and the amount of capital stock subscribed or paid in by each, all of whom shall be residents of the field of operation.

5. The amount of authorized capital stock, which shall be at least One Hundred Thousand Dollars, how the same is to be paid in, the number of shares into which it is to be divided, and the par value of each.

6. The highest amount of indebtedness or liability to which the association shall at any time be subjected.

It may also contain any other lawful provision defining and regulating the powers or business of the association, its officers, directors, members or stockholders.

The certificate of incorporation may be amended as provided by law for corporation, by a two-thirds vote of stockholders of the association attending the meeting in person or by proxy.

No amendment to the certificate of incorporation increasing the amount of capital stock shall be effective without first obtaining the approval of the State Securities Commission.

Sec. 5. Certificate of incorporation.—The incorporators of any association proposed to be organized under the laws of this state shall execute and acknowledge an application in writing in the form prescribed by the State Securities Commission and shall file the same in its office, which application shall be signed by two or more incorporators, requesting a certificate authorizing the proposed association to transact business at the place, and in the name stated in said application.

The application of the association shall be submitted to and considered by the State Securities Commission in accordance with pro-

visions of Chapter 498, Special Laws 1921. After receiving the certificate of authorization from the superintendent of banks the certificate of incorporation shall be filed with the Secretary of State, who shall record the same and certify that fact thereon. Such certificate and articles shall be filed for record with the register of deeds of the county of the principal place of business as specified in the certificate.

After recording and publication, the articles of incorporation shall be filed with the Superintendent of Banks together with proof of publication.

Every certificate of incorporation shall be published in a qualified newspaper in the county of such principal place of business, for two successive days in a daily, or for two successive weeks in a weekly newspaper.

Building and loan associations shall be exempt from payment of the filing fee provided by law for payment to the state treasurer before filing any certificate of incorporation, renewal or amendment.

Sec. 6. **Sale of stock.**—That Section 7751, General Statutes 1923 be and the same hereby is amended so as to read as follows:

"Sec. 7751. The association may accumulate funds to be loaned to members upon their homes or upon other improved real estate and to otherwise carry on in accordance with law the business of building and loan associations in the following manner.

First. By sale of its capital stock in accordance with the law, provisions in its certificate of incorporation, and its by-laws. Purchase of stock either by installments or full payment, shall constitute the purchaser a member of the association entitled to all the privileges of membership, until the stock is duly transferred, retired, suspended, forfeited, or withdrawn. Installment stock may be sold on regular or irregular payments.

The association shall issue no preferred stock or shares. All holders or owners shall share alike in net earnings or profits and shall contribute equally to the net losses and expenses according to the value of the shares upon the books of the association. Shares shall be known and designated as installment or paid up shares. Ownership may be evidenced by a pass book, or stock or share certificate issued to a member.

All associations except serial hereafter authorized to transact business must have at least five per cent of its authorized capital stock and a like amount paid in before beginning to carry on business, and at no time shall the amount be diminished below that amount.

Second. Money borrowed as provided by law, articles of incorporation and by-laws, provided that the aggregate amount of money so borrowed shall not exceed eighty per cent of the assets of the association.

Third. Special service fees, including membership fees, which

shall not exceed two dollars per share of \$100 each. All service fees of any kind whatsoever shall be explicitly set forth in membership agreements. Failure so to do shall render the agreement null and void. All fees shall be accounted for by the corporation in the same manner as other funds of the association."

Sec. 7. Security for loans.—That Section 7750 of the General Statutes of 1923, be and the same hereby is amended so as to read as follows:

"Sec. 7750. For every loan made on real estate security a non-negotiable note or bond secured by first mortgage shall be given, which security shall be satisfactory to the directors and shall be accompanied by a transfer and pledge of the shares of stock of the borrower to the association. The shares so pledged shall be held as collateral security for the performance of the conditions of said note or bond and mortgage provided, that the shares, without other security, may be accepted in the discretion of the directors as security for loans to an amount not exceeding ninety per cent of their cash or withdrawal value, as herein provided. Any such association may provide by contract with its borrowers that loans shall be fully paid at a definite period upon receipt of the specified number of payments. The association may purchase a tax or assessment titles or liens affecting property in which it is in any manner interested; and it may borrow money for any legitimate object of its incorporation. *No officer or director shall directly or indirectly use the funds of the association except in regular association business transactions; and all loans to directors, officers or agents shall be acted upon in the absence of the applicant and approved only by the unanimous vote of the board of directors."*

Sec. 8. Payment of dividends.—That Section 7753 of the General Statutes of 1923, be and the same hereby is amended so as to read as follows:

"Sec. 7753. Whenever a distribution or calculation of profits is made, which shall be at least semi-annually, it shall first deduct therefrom its *operating* costs for the same period, if such profits are sufficient; if not, the balance of the expenses *above the profits*, shall be carried on the records of the association as "expenses paid," and thereafter deducted from the earliest available net profits. Such balance shall be charged to an account called "permanent expenses," and finally be paid by the proportionate deduction from the value of the shares upon the books of the association. The remainder shall be deemed the true book value of said stock. *All operating costs shall be paid from its earnings, and no deductions shall be made from stock payments directly or indirectly, save as herein provided, such expenses in the aggregate shall not exceed annually two and one-half per centum of the total amount of stock payments actually received and to the credit of its members at the time of making such deduction including the dividends duly declared and credited thereon, pro-*

vided that this limitation shall not apply to associations whose accumulated capital is less than forty thousand dollars, but the annual operating expenses of any such association shall not exceed one thousand dollars. Expenses met by service fees, including membership, shall not be considered as operating costs subject to the limitation of expense herein provided."

Sec. 9. Reserve fund.—Every association shall accumulate a fund to be known as a contingent or reserve fund by setting aside each semi-annual accounting period at least two per cent of its net earnings until the fund shall ultimately be equal to at least five per centum of its accumulated capital and to at least fifty per centum of the book value of all real estate owned by it. Such fund shall not be available for the payment of current expenses so long as the association has undivided profits. It shall not be available for the payment of dividends; but any association may charge against such fund any losses upon investments, whether resulting from depreciation or otherwise, without encroaching upon its undivided profits or its net earnings until the contingent or reserve fund is exhausted.

Sec. 10. Delinquent installments.—That Section 7756 of the General Statutes of 1923, be and the same hereby is amended so as to read as follows:

"Sec. 7756. Whenever any installment, fine, or penalty upon any of its stock continues delinquent for *one year*, the directors may cause such stock to be sold according to its by-laws, at a regular monthly meeting, to the highest bidder for cash, and, if there be no outside bidder, to be bought in by one of the officers for the corporation, but no stock shall be sold or bought in for less than its withdrawal value."

Sec. 11. Not to engage in real estate business.—That Section 7757, General Statutes 1923, be and the same hereby is amended so as to read as follows:

"Sec. 7757. No such association shall engage in the business of buying and selling or dealing in real estate, but it may secure obligations due to it and the payment of its loans by taking real estate mortgages. It may purchase at any sheriff's judicial, or other sale, public or private, any real estate upon which it has a mortgage, judgment, or other lien, or in which it has any interest. It may acquire title to any real estate on which it holds any lien, in full or part satisfaction thereof, and may sell, convey, hold, lease, or mortgage the same. Also in transactions involving the purchase by a stockholder of improved real estate for home purposes, *or for the construction of a home*, it may when authorized by its by-laws acquire the title thereof, it may give to such stockholder a contract to convey the same as upon a sale thereof."

Sec. 12. Books and records.—Every building and loan association shall open and keep such books and accounts as the superintendent of banks may prescribe or approve, for the purpose of keep-

ing accurate and convenient records of its transactions; and every association refusing or neglecting so to do shall forfeit ten dollars for every day of such neglect or refusal, providing that existing books of account shall be considered compliance herewith until such time as the superintendent may otherwise direct.

Sec. 13. Board of directors may retire stock.—The board of directors of any association may retire all unpledged shares of stock in the manner prescribed in its by-laws, and the holders of such shares are paid the full value thereof less all lawful obligations.

Sec. 14. Reports of Bank Examiner to be submitted to board of directors.—Each official communication from the superintendent of banks or one of his deputies to an association, relating to any examination conducted by the banking department or containing suggestions and recommendations as to the conduct of business of the association, shall be submitted by the officer receiving it, to the board of directors at the next meeting of said board and noted in the minutes thereof.

Sec. 15. Auditing committee.—The board of directors or president shall appoint at least once a year from its members an auditing committee, or in lieu thereof a certified public accountant, who shall examine the financial condition of the association at least semi-annually and make a written report thereof in writing and in duplicate, which shall be verified by the president and secretary, and attested by two directors stating in detail assets and liabilities at close of preceding semi-annual period. One copy thereof shall be transmitted to the superintendent of banks. The other copy shall be spread upon the minutes of the board and a condensed statement thereof published once by the association in a newspaper of the municipality or county in which is located its principal place of business and proof thereof filed immediately with the superintendent of banks.

Sec. 16. Notices of annual meeting.—At least fourteen days prior to any annual meeting, and at least seven days prior to any special meeting of stockholders or members, mailed or published notice shall be given to each member, specifying the time, place and purpose thereof; also a notice of any amendment to articles or by-laws, or any resolution or proposition on which action is to be taken.

Sec. 17. Not to advertise greater capital than actually paid in.—No association shall advertise as its capital any amount other or greater than the amount of actual paid-in capital at the time of the advertisement.

Sec. 18. Purchases for minors to be held in trust.—Any stock purchase from the association, by or in the name of a minor shall be held for the exclusive right and benefit of such minor, free from the control or lien of all other persons, except creditors, together with dividends thereon, shall be paid to him, and his receipt or acquittance in any form shall be sufficient release and discharge to

the association for stock withdrawal or cancellation on maturity, until a guardian appointed in this state for such minor shall have delivered a certificate of his appointment. Whenever any stock purchase shall be made by any person in trust for another and no other written notice of the existence and terms of any legal and valid trust given to the association, in case of the death of such trustee the same or any part thereof and the dividends thereon may be paid to the person for whom the shares were subscribed. And whenever any stock is purchased by or in the names of two or more persons upon joint and several accounts, the same or any part thereof and the dividends thereon may be paid to either of such persons or to a survivor of them or to a personal representative of such survivor.

Sec. 19. Associations may consolidate.—Any building and loan association may, with the consent and approval of the Superintendent of Banks, consolidate with or be taken over by any other association upon such terms as may be authorized by the respective boards of directors after being authorized so to do by a majority vote of their respective stockholders at any regular or special meeting. This section shall be construed to also include any association taken over by the Superintendent of Banks whether in process of liquidation or otherwise.

Sec. 20. Withdrawals.—That Section 7755 of the General Statutes of 1923, be and the same hereby is amended so as to read as follows:

“Sec. 7755. The holder of any shares not in arrears or pledged may withdraw the same upon thirty days’ written notice of his intention so to do, given to and duly filed with the secretary of the association at any time after the expiration of six months from the payment of the first cash installment thereon; whereupon his rights to profits and liability for indebtedness for the future shall cease, and he shall receive the amount of such installments, less all arrears and fines. But not over fifty per cent of its monthly receipts shall be so used unless otherwise determined by resolution of the directors.”

Sec. 21. This act shall take effect and be in force from and after its passage.

Approved April 18, 1925.

CHAPTER 261—H. F. No. 100.

An act to amend Section 4000, General Statutes 1923, relating to the organization of banks and trust companies.

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

Section 1. Inconsistent acts repealed—Definitions.—That Section 4000, General Statutes 1923, be and the same hereby is