

shall be entitled to sell and assign his right to have the tax paid by him credited to the transferee as herein provided, shall pay to the registrar a fee of 25 cents for each day *not exceeding two days, and if such delay shall continue for 30 days thereafter, then 50 cents per month for each month or fraction thereof, not exceeding four months of such delay*; and every owner or person charged with the duty to register a motor vehicle or pay any tax hereunder who fails or delays for more than seven days to register the same or pay such taxes as herein provided shall, before he shall be entitled to complete his registration as herein provided, pay to the registrar, a like fee. A filing with, or delivery to, the registrar of any application, notice, certificate or plates as required by this Act shall be construed to be within the requirements of this Act if made to the registrar or his deputy at an office maintained therefor, or if deposited in the mail or with a carrier by express with postage or carriage charge prepaid, and properly addressed to the registrar within seven days after the transfer of ownership or other occurrence upon which this Act provides for such filing or delivery."

Approved April 15, 1933.

CHAPTER 246—H. F. No. 169

An act concerning industrial loan and thrift companies, defining the same, and providing for their incorporation, powers, supervision and control.

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

Section 1. Industrial loan and thrift companies authorized.
—It shall be lawful for three or more persons who may desire to form a corporation for the purpose of carrying on primarily the business of loaning money in small amounts to persons within the conditions hereinafter set forth, to organize under this law an industrial loan and thrift company by filing with the Secretary of State and the Register of Deeds of the counties in which such business is to be carried on, a certificate of incorporation, and upon paying the fees and upon compliance with the procedure provided for the organization and government of ordinary corporations under the laws of this state, and complying with the additional requirements prior to authorization to doing business as set forth in this Act.

Sec. 2. Capital stock.—No corporation shall be organized under this law or qualified to do business thereunder with a capital

of less than \$25,000.00 in cities with less than 50,000 people; \$50,000.00 in cities with more than 50,000 people and less than 100,000 people; and \$75,000.00 in cities with 100,000 people, or more, according to the last official census; each share of stock shall have a par value of not less than \$25.00 per share. No corporation shall begin doing business under this Act and no existing corporation shall be permitted to qualify under this Act in this state unless its capital is fully paid, and unless a surplus of no less than ten per cent of said capital shall have also been fully paid and set up. After the capital of a corporation organized or doing business under this Act shall have been fully paid and a surplus of not less than 10% also fully paid and set up, additional capital stock in any said corporation may be sold at not less than par, provided, however, that there is always maintained a surplus of at least 10% of said capital of said corporation.

Sec. 3. Must secure certificate from department of commerce.—Any corporation organized under the law of this state, shall, after compliance with the requirements set forth in Sections 1 and 2 of this Act, cause an application in writing to be made to the Department of Commerce of this state for a certificate of authorization, said application to be in such form as is now or may hereafter be required from state banks making applications for charters in this state and at the time of filing such application shall also submit a copy of the by-laws of the corporation, its articles of incorporation and all amendments thereto.

The Department of Commerce shall thereupon make or cause to be made an examination to ascertain whether the assets of such corporation over and above all its liabilities, have an actual value of not less than the par value of all of its capital stock, which shall not be less than the amount prescribed by Section 2 of this Act; and if such facts appear and the by-laws and articles of incorporation and amendments thereto are in accordance with law, the Department of Commerce shall issue a certificate of authorization, authorizing the corporation to transact business as an industrial loan and thrift company as provided in this Act.

This authorization shall then be filed in the same places as specified for the filing of the certificate of incorporation in Section 1 of this Act. Such corporation shall thereupon become an industrial loan and thrift company.

Sec. 4. Special powers.—Industrial loan and thrift companies in addition to the general and usual powers incidental to ordinary corporations in this state, which are not specifically restricted in this law, shall have the following special powers, which

powers must be set forth in their articles of incorporation or amendments, thereto, to-wit:

(a) the right to discount or purchase notes, bills of exchange, acceptances or other choses in action.

(b) The right to lend money upon the security of co-makers, personal chattels or other property, exclusive of real estate, for a period not to exceed one year; to deduct in advance one year's interest on such loans at the rate of not in excess of (8%) eight per cent discount per annum; to require as a condition to the making of such a loan that the borrower purchase and pledge with the company as security for the loan a certificate of indebtedness of the company in the same amount as the loan secured thereby, providing for payments in equal weekly, bi-weekly, or monthly installments, with or without interest, extending over substantially the period of the loan, payments thereon not to be construed as payments on the loan secured thereby; to charge for a loan exceeding \$50.00 made pursuant to this subdivision, \$1.00 for each \$50.00, or fraction thereof, loaned, for expenses, including any examination or investigation of the character and circumstances of the borrower, co-maker or security and drawing and taking the acknowledgement of necessary papers, or other expenses incurred in making the loan; provided that no fee collected hereunder shall exceed \$10.00; and provided that for a loan exceeding \$500.00 one per cent (1%) additional of the amount loaned in excess of \$500.00 may be charged for such expenses, not exceeding a total fee of \$15.00. If any such loan made pursuant to this subdivision is \$50.00 or less, such charge shall not be more than \$1.00. No such charge shall be collected unless a loan shall have been made.

(c) To impose a handling charge of five cents (5¢) for each default in the payment of \$1.00, or fraction thereof, at the time any periodical installment on a certificate of indebtedness assigned as collateral security for the payment of a loan made pursuant to the foregoing provisions becomes due, provided, however, that such handling charge shall not be cumulative; that the aggregate of such handling charges collected in connection with any such loan of \$50.00, or less, shall not exceed fifty-cents (50¢), and that the aggregate of such handling charges collected in connection with any such loan of more than \$50.00, shall not exceed one-per-cent (1%) of such loan and shall in no event exceed \$5.00.

(d) The right with the consent of the Department of Commerce of this State to sell and issue for investment or to be

pledged as security for a loan made contemporaneously therewith or otherwise, certificates of indebtedness, under any descriptive name, which may bear such interest, if any, as their terms may provide and which may require the payment to the company of such amounts from time to time as their terms may provide, and permit the withdrawal of amounts paid upon the same in whole or in part from time to time, and the credit of amounts thereon upon such conditions as may be set forth therein; and no such certificate of indebtedness shall have a surrender value which is less than the total amount paid to the company therefor.

(e) Upon the maturity of a note, the borrower may, at his option, surrender the certificate of indebtedness pledged to secure the same, in which event, the amounts, if any, paid on said certificate of indebtedness, less such handling charges as are authorized by this Act, shall be applied to reduce the balance owing on said note.

Sec. 5. **Limitation of powers.**—No industrial loan and thrift company shall have power, however, to do any of the following, to-wit:

(a) To carry commercial or demand banking account; to use the word "bank" or "banking" in its corporate name; to receive savings accounts or deposits or operate as a savings bank.

(b) To have outstanding at any one time certificates of indebtedness, exclusive of those held by the company, as security for loans made by it of more than seven times the sum of the capital, surplus and undivided profits of the company.

(c) To lend money in excess of five per cent of its paid in capital, surplus and undivided profits to any one person or corporation primarily liable; provided, however, that if marketable collateral be taken as security for a loan, then an industrial loan and thrift company may loan not to exceed ten per cent of its capital, surplus and undivided profits to any one person or corporation primarily liable.

(d) To accept trusts or act as guardian, administrator or judicial trustee in any form.

(e) To deposit any of its funds in any banking corporation, unless such corporation has been designated by vote of a majority of directors or of the executive committee present at a meeting duly called, at which a quorum was in attendance.

Sec. 6. Residence of directors.—At least three-fourths of the Directors of any industrial loan and thrift company shall be residents of the principal city in which an industrial loan and thrift company shall be organized, and every director shall own and hold not less than twenty shares of capital stock of said industrial loan and thrift company, unencumbered.

Sec. 7. Must establish reserve agent.—All industrial loan and thrift companies shall establish as a reserve against the certificates of indebtedness described in subdivision (d) under Section 4 above, of not less than ten per cent of the amount of indebtedness thus created. Three per cent of this indebtedness shall be in cash in the actual possession of the industrial loan company or on demand deposit in approved banks of this state, and seven per cent of the total indebtedness may be in bonds admissible for investment by mutual savings banks under the laws of this state; provided, however, that such certificates of indebtedness as are issued under authority of subdivision (b) of Section 4 of this Act, and are held by the Industrial loan and thrift company as security for its own loans, shall not be considered as an indebtedness for which a reserve must be maintained under this section.

Sec. 8. May pay dividends.—When an industrial loan and thrift company is organized under this Act, or operating thereunder; the Board of Directors may declare a dividend of so much of the net profits of the corporation, after providing for all expenses, reserves, interest and taxes accrued or due from said corporation, as they shall judge expedient, but before any such dividend is declared, not less than one-tenth of the net profits of the industrial loan company of the preceding half year, or for such period as is covered by the dividend, shall be carried to a surplus fund until such surplus shall amount to 20 per cent of its capital stock.

Sec. 9. Commissioner of banks to examine records.—The Commissioner of Banks of this state shall make examinations at least one time each year of each industrial loan and thrift company organized or operating under this Act at which time he will satisfy himself that the corporation is in a solvent condition and is complying with the requirements of this Act and operating according to sound business principles. In order to enforce his actions in this connection, the Commissioner of Banks is hereby vested with the same authority as in his examination and regulation of state banks. The cost of such examinations shall be borne by the corporation and the fees to be charged and paid by the corporation therefor shall be the same as is provided in Mason's Minnesota Statutes of 1927, Section 7772.

The penalties for violation of this Act, or for any wrongdoing in connection therewith, shall be the same as those applied to state banks under the laws of this state.

Sec. 10. **Inconsistent acts repealed.**—All Acts or parts of Acts in conflict herewith are hereby repealed. Provided, however, that nothing contained herein shall be construed to repeal, modify, change or replace Laws 1913, Chapter 439 as amended by Laws 1915, Chapter 117.

Sec. 11. **Provisions separable.**—If any section, subsection, clause or phrase of this Act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this Act. It is hereby declared that this Act would have been passed irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases are declared unconstitutional or invalid.

Approved April 15, 1933.

CHAPTER 247—S. F. No. 222

An act relating to the foreclosure of mortgages belonging to the State of Minnesota Department of Rural Credit.

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

Section 1. **Deficiency judgments on state mortgages prohibited.**—The department of Rural Credit, under the supervision and control of the Rural Credit Bureau, is hereby directed in case of foreclosure of any real estate mortgage acquired by the state through the operations of said department to bid the full amount due the state at any mortgage foreclosure sale. Hereafter no judgment shall be taken by the state for any deficiency remaining unpaid upon the debt secured by such a mortgage after foreclosure.

Approved April 15, 1933.

CHAPTER 248—H. F. No. 263

An act to extend the time for closing the affairs and disposing of the property of certain corporations whose existence has been