

[32.491] **Milk standards; enforcement.** Section 1. Subdivision 1. **Commissioner shall adopt standards and grades; hearings.** In order to protect the public health and welfare, to promote the interests of the dairy industry in Minnesota, and to secure uniformity, the commissioner of agriculture, dairy and food shall adopt standards and grades for milk purchased for manufacturing purposes. Before adopting any standards or grades for milk, the commissioner shall hold a public hearing thereon, as provided by law.

Sec. 2. **Purchases based on grades.** All milk purchased for manufacturing purposes shall be purchased on the basis of the standards and grades so adopted.

Sec. 3. **Enforcement.** The commissioner of agriculture, dairy and food shall enforce the provisions of this act and shall have all the power and authority granted him under Laws 1921, Chapter 495, as amended.

Sec. 4. **Penalties.** Any person, firm, or corporation violating any of the provisions of this act shall be guilty of a misdemeanor.

Approved April 17, 1947.

CHAPTER 397—S. F. No. 999

An act relating to savings building and loan associations and amending Minnesota Statutes 1945, Sections 51.25 and 51.43.

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

Section 1. Minnesota Statutes 1945, Section 51.25, is amended to read as follows:

51.25. **Net earnings, how disposed of.** On each semi-annual closing date, after payment or provision for all expenses and appropriate transfers to reserves, the remainder of net earnings for the half calendar year shall be credited to the undivided profits account.

Every association shall first deduct from gross earnings its operating costs for the same period, if these earnings are sufficient; if not, the balance of the expenses above the earnings shall be carried on the records of the association as "expenses paid," and thereafter deducted from the earliest

available net profits. Any remaining balance shall be charged to an account called "permanent expenses," and in the event of voluntary or involuntary liquidation shall 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 the 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. The total of all expenses, whether disbursed or incurred, shall not exceed annually two and one-half per cent of the total amount of all money actually loaned to members on real estate mortgages and contracts for deed *and one per cent of all other investments*, at the time of making the deduction, provided that this limitation shall not apply to associations where accumulated capital is less than \$40,000, but the annual operating expenses of any such association shall not exceed \$1,000. Expenses met by service fees, including membership, shall not be considered as operating costs subject to the limitations of expenses herein provided.

Sec. 2. Minnesota Statutes 1945, Section 51.43, is amended to read as follows:

51.43. Real estate loans. Real estate loans may be made as authorized by this chapter, or upon any other loan plan approved by the commissioner. No real estate loan shall be made until a qualified person, selected by the board of directors, shall have submitted a signed appraisal of the real estate securing the loan, and until approved by the board of directors or a committee authorized by the board. Payments on real estate loans shall be applied first to the payment of interest on the unpaid balance of the loan; next to the payment of any insurance premiums, taxes, assessments, or other advances paid by the association according to its by-laws or the mortgage; the remainder to the reduction of the loan or as payments on loan stock where loans are amortized on the semi-annual basis; provided, that if the loan is in default in any manner, payments may be applied by the mortgagee in the manner provided by the commissioner. Every loan shall be evidenced by a non-negotiable note or bond for the amount of the loan, and 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 the 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 90 per cent of their cash or withdrawal value, as herein provided.

Any association may provide, by contract with its borrower, that loans shall be fully paid at a definite period upon receipt of the specified number of payments. 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 by the unanimous vote of the directors. The note or bond shall specify the amount, rate of interest, terms of repayment, and may contain all other terms of the loan contract. Every real estate loan shall be secured by a mortgage, or other instrument constituting a first lien, or the full equivalent thereof, upon the real estate securing the loan, according to any lawful or well recognized practice, which is best suited to the transaction. This mortgage shall provide specifically for full protection to the association with respect to usual insurance risks, taxes, assessments, other governmental levies, maintenance, and repairs. It may provide for an assignment of rents, which assignment shall be valid. Every such mortgage or other instrument shall create, and preserve to the association, a first lien, which shall equally secure the original loan and each and every subsequent advance and loan in any amount and for any purpose by the association to the borrower. No intervening lien shall disturb the first lien of the association as security for every advance and loan made to the borrower. All these mortgages shall be recorded in accordance with the law of this state. An association may pay taxes, assessments, insurance premiums, and other similar charges for the protection of its real estate loans. All these payments shall be added to the unpaid balance of the loan and equally secured by the first lien on the property. An association may require the borrower to pay monthly, in advance, in addition to interest or interest and principal payment, the equivalent of 1/12th of the estimated annual taxes, assessments, insurance premiums, and other charges upon the real estate securing a loan, or any of these charges, so as to enable the association to pay these charges as they become due from the funds so received. The amount of these monthly charges may be increased or decreased so as to provide reasonably for the payment of the estimated annual taxes, assessments, insurance premiums, and other charges. Every association shall keep a record of the status of taxes, assessments, insurance premiums, and other charges on all real estate securing its loans and on all real and other property owned by it.

Any association, by agreement with the debtor, may modify the terms of any real estate loan so that the loan

shall be an amortized loan, and incident thereto may credit on the debt the withdrawal value of mortgage loan shares or accounts pledged as security for the real estate loan.

Approved April 17, 1947.

CHAPTER 398—S. F. No. 72

An act relating to the Minnesota state teachers retirement fund law; amending Minnesota Statutes 1945, Section 135.05, and providing for additional levies by the state auditor for the purposes of the act.

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

Section 1. Minnesota Statutes 1945, Section 135.05, is amended to read as follows:

135.05. Members of fund. Subdivision 1. Members. Members of the fund shall include all teachers who render any teaching service after August 1, 1931, in any of the schools or institutions to which sections 135.01 to 135.15 apply, except:

(1) Those who at the time of rendering such service have not attained the age of 25 years; but any such teacher who renders any teaching service after September first after attaining *that* age shall automatically become a member, any such teacher who has not attained *that* age shall be admitted as a member upon written application to the board, *and* any member of the fund who rendered teaching service before attaining the age of 25 years and who has not received credit therefor may, upon written application, receive credit for such service and may pay into the fund five per cent of the annual salary received during such service, with interest at four per cent per annum from the time of rendering such service;

(2) Those who have rendered teaching service prior to August 1, 1931, in any of the schools or institutions to which sections 135.01 to 135.15 apply, but any such teacher shall be admitted as a member upon written application to the board made within two years after rendering the first teaching service subsequent to August 1, 1931.

Subd. 2. Inclusion of persons who did not become a member within two years after resuming teaching service.