Section 1. Minnesota Statutes 1961, Section 221.021, is amended to read:

221.021 **Motor carriers; operation certificate or permit required.** No person shall operate as a motor carrier without a certificate or permit in full force and effect with respect to such operation. Any certificate or permit shall be suspended or revoked upon conviction of violating any provision of sections 221.011 to 221.291 or any order, rule or regulation of the commission governing the operation of motor carriers and upon a finding by the court that the violation was wilful, *or the commission may for good cause, after hearing and upon ten days notice to the holder thereof, suspend or revoke any permit for a violation of the provision of the sections noted herein or any order, rule or regulation of the commission issued pursuant to the provisions of Minnesota Statutes, Chapter 221.*

Approved May 10, 1963.

CHAPTER 606—S. F. No. 1437

[Coded in Part]

An act relating to Savings, Building and Loan Associations; amending Minnesota Statutes 1961, Sections 51.01, Subdivisions 8, 26, and 27; 51.04, Subdivision 1, and adding a new subdivision thereto; 51.06; 51.24; 51.26; 51.34, Subdivisions 2 and 3; 51.35; 51.36; and 51.41.

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

Section 1 Minnesota Statutes 1961, Section 51.01, Subdivision 8, is amended to read:

Subd. 8. **Savings, building and loan associations; direct reduction loan.** "Direct reduction loan" means a loan repayable in consecutive monthly installments, equal or unequal, beginning not later than 60 days after the date of the advance of the loan, sufficient to retire the debt, interest and principal, within ~~25~~ *30* years; provided, 35 that the initial loan contract shall not provide for any subsequent monthly installment of an amount larger than any previous monthly installment; and, provided, further, that in the case of construction loans the first payment shall not be later than ~~six~~ months after the 12 date of the first advance. Any such loan is an amortized loan whether interest is computed and adjusted every month or ~~semimonthly~~ *semiannually.*

Changes or additions indicated by *italics,* **deletions by** ~~strikeout~~.

Sec. 2. Minnesota Statutes 1961, Section 51.01, Subdivision 26, is amended to read:

Subd. 26. **Regular lending area.** "Regular lending area" means the county in which the home office of an association is located and the counties of the state, or adjoining states, adjoining or adjacent thereto, and any additional areas within a ~~50-mile~~ *100-mile* radius from the home office.

Sec. 3. Minnesota Statutes 1961, Section 51.01, Subdivision 27, is amended to read:

Subd. 27. **Share loan.** "~~Stock~~ *Share* loan" means a loan on the shares of a member, without other security, ~~in an amount not exceeding 90 per cent~~ of the cash or withdrawal value of the shares.

Sec. 4. Minnesota Statutes 1961, Section 51.04, Subdivision 1, is amended to read:

51.04 **Commissioner to supervise.** Subdivision 1. **Visits; examinations; books and records.** The commissioner shall exercise a constant supervision over the books and affairs of all associations doing business within the state; and examine, at least once each year, all associations, inspecting and verifying the assets and liabilities of each, and so far investigate the character and value of the assets of each association as to ascertain, with reasonable certainty, that the values are correctly carried on its books. *In lieu of such examination, the commissioner may accept any examination made by a Federal Home Loan Bank, the Federal Home Loan Bank Board, or by the Federal Savings and Loan Insurance Corporation.* The right of inspection of the books and records of such association shall be exclusive with the commissioner. Nothing herein shall limit the commissioner from making such additional examinations or visits as he may deem necessary or proper.

Sec. 5. Minnesota Statutes 1961, Section 51.04, is amended by adding a new subdivision to read:

Subd. 3. **Liquidity requirements.** *The commissioner shall prescribe from time to time liquidity requirements based upon cash and obligations, which shall not be less than four percent or more than eight percent of an association's outstanding withdrawable shares.*

Sec. 6. Minnesota Statutes 1961, Section 51.06, is amended to read:

51.06 **Incorporation procedure.** ~~Seven~~ *Five* or more persons may incorporate to form a savings, building and loan association. These persons shall subscribe and acknowledge articles of incorporation specifying:

(1) The name, the field of operation, the principal place of transacting business, which name shall distinguish it from other corporations and must include therein the words "savings and loan" or "building and loan," or a combination of these words, 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, which may be perpetual;

(3) The name, occupation, and address of each incorporator, and the number of shares of capital subscribed for by him;

(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) How the capital is to be paid in, and the par value of each share; and

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

These articles may also contain any other lawful provisions defining and regulating the powers or business of the association, its directors, officers, members, or shareholders.

Sec. 7. Minnesota Statutes 1961, Section 51.24, is amended to read:

51.24 **Legal reserves.** *Subdivision 1.* **Reserves created.** Every association shall accumulate a fund, to be known as a contingent or reserve fund, by setting aside each semiannual accounting period at least two percent of its net earnings until the fund shall ultimately be equal to at least five percent of its accumulated capital, or at least 50 percent of the book value of all real estate owned by it, whichever amount is the greater, or in the case of an insured association the reserve required by the federal savings and loan insurance corporation may be considered as meeting the requirements of this section, provided that reserve equals or exceeds the amount required herein. Any association may transfer to the reserve required by the federal savings and loan insurance corporation any funds in a reserve fund previously created under the provisions of this section. This 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 the 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.

Subd. 2. **Reserve requirements.** *The commissioner may require associations to establish a contingent or reserve for bad debts and set aside at each accounting period an amount or sum in excess of that herein provided, but in no event to exceed 12 percent of its capital.*

Sec. 8. Minnesota Statutes 1961, Section 51.26, is amended to read:

51.26 **Dividends.** As of July 30 and December 31, each year, the board of directors shall declare a dividend payable semiannually as of the last business day of each June and December, or may, with the approval of the commissioner, declare a dividend payable quarterly as of March 31, June 30, September 30, and December 31, or as of the last business day of each of said months. No dividend shall be declared except dividends payable as herein provided unless permission is first obtained from the commissioner, provided that no quarterly dividends shall be authorized under this section prior to June, 1957. Payments of net earnings to shareholders are dividends and shall not be referred as interest. Dividends shall be credited to share accounts on the books of the association on the dividend payment date, and shall be known as stock dividends unless a shareholder shall have requested and the board of directors shall have agreed to pay dividends on all or part of any share account in cash. Dividends payable in cash shall be paid within 30 days from the date declared. All shareholders shall participate equally in dividends pro rata to the withdrawal value of their respective share accounts; provided, that if the bylaws so provide, no association shall be required to pay or credit dividends on share accounts of $5 or less. Except as above provided, dividends shall be declared on the withdrawal value of each share account at the beginning of the dividend period, plus payment thereon made during the dividend period (less amounts withdrawn, which for dividend purposes shall be deducted from the latest previous payments thereon) computed at the dividend rate for the time invested, determined as provided below. The date of investment shall be the date of the actual receipt by the association of a payment on a share account, except that the board of directors may fix a date, which shall not be later than the ~~tenth business~~ *15th* day of the month, for determining the date of payment*; provided that upon approval by the commissioner, the period may be extended to* *the 20th day of the month.* Payments on share accounts, affected by this determination date, received by the association on or before the determination date, shall receive dividends as if made on the first of the month during which the payment was made, although withdrawn within the last ~~two~~ *three* business days of the month ending a quarterly or semiannual dividend period.

Sec. 9. Minnesota Statutes 1961, Section 51.34, Subdivision 2, is amended to read:

Subd. 2. **Specific.** Every association shall have the following powers:

(1) To sue and to be sued, complain and defend, in any court;

(2) To purchase, hold, and convey real and personal estate consistent with its objects and powers, and to mortgage, pledge, or lease any real or personal estate; and to take property by gift, devise or bequest;

(3) To have a corporate seal, which may be affixed by imprint, facsimile or otherwise;

(4) To appoint officers, agents, and employees as its business shall require, and allow them suitable compensation;

(5) To adopt and amend bylaws as provided in this chapter;

(6) To accept savings and investments as payments on accounts, as provided in this chapter, but this shall apply only to cases where one association assumes the share liabilities of another and sufficient assets are transferred to cover these liabilities;

(7) To make loans to members on the sole security of share accounts~~;~~. (No such loan shall exceed ~~90 percent of~~ the withdrawal value of the share accounts owned or otherwise pledged by the borrower. No such loan shall be made when an association has applications for withdrawal which have been on file more than 60 days and not reached for payments.)

(8) To make direct reduction or unamortized home loans of any amount and secured by home property, subject to the following limitations: It shall be unlawful for an association, the assets of which do not exceed $50,000, to make any mortgage loan exceeding $5,000; if its assets exceed $50,000, but do not exceed $100,000, it shall be unlawful for it to make any mortgage loan exceeding $7,500; if its assets exceed $100,000 but do not exceed $200,000, it shall be unlawful for it to make any mortgage loan exceeding $10,000; if its assets exceed $200,000, but do not exceed $500,000, it shall be

unlawful for it to make any mortgage loan exceeding $20,000; if its assets exceed $500,000 but do not exceed $1,000,000, it shall be unlawful for it to make any mortgage loan exceeding $30,000; if its assets exceed $1,000,000, but do not exceed $3,000,000, it shall be unlawful for it to make any mortgage loan exceeding $50,000; if its assets exceed $3,00,000, it shall be unlawful for it to make any mortgage loan exceeding two and one half percent of its total assets. It shall be unlawful for any association to make any loan on vacant lands or on vacant lots unless these lands or lots are to be improved or are included with other improved real estate; all real estate loans shall be subject to the limitations which may be fixed in the bylaws, which shall be a fixed percentage of the valuation of the property;

(9) Without regard to any other provisions of this chapter, to make any loan for the purchase or construction, the repair, alteration, improvement or modernization of a home or other residential property or for the payment of delinquent indebtedness, taxes or special assessments thereon, secured or unsecured, which is insured or guaranteed in whole or in part by the United States or any instrumentality thereof, or by this state or any instrumentality thereof, or for which a commitment to so insure or guarantee, or for which a conditional guarantee has been issued. The portions of such loans or obligations not so insured or guaranteed shall be subject to the limitations set forth in clause 8.

(10) Without regard to any other provisions of this chapter, to make property improvement loans to home owners and other property owners for the repair, alteration, improvement or rehabilitation of their properties, with or without security, provided that no such loan shall exceed $3,500 and provided further that not in excess of 15 percent of the assets of the association shall be so invested.

Sec. 10. Minnesota Statutes 1961, Section 51.34, Subdivision 3, is amended to read:

Subd. 3. **Investments.** Every association shall have power to invest in securities as follows:

(1) Without limit in obligations of or guaranteed as to principal and interest by the United States or this state, or in obligations of political subdivisions of this state;

(2) Without limit in obligations of federal loan banks and in obligations of the federal savings and loan insurance corporations; ~~and~~

Changes or additions indicated by *italics*, deletions by ~~strikeout~~.

(3) In stock of a federal home loan bank of which it is eligible to be a member~~.~~*; and*

(4) In time, demand, or savings deposits with any bank or trust company, the deposits of which are insured by the Federal Deposit Insurance Corporation and in savings or share accounts of any state or federal savings and loan association, the accounts of which are insured by the Federal Savings and Loan Insurance Corporation.

Sec. 11. Minnesota Statutes 1961, Section 51.35, is amended to read:

51.35 **Real estate; prohibitions; limitations and privileges of ownership.** No 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. In transactions involving the purchase by a member of improved real estate for home purposes, or for the construction of a home, a savings, building and loan association, organized under the laws of this state, or of the United States of America, may, when authorized by its bylaws, acquire the title thereof, and it may give to the member a contract to convey the same as upon a sale thereof. Provided, that no association shall hereafter invest more than 50 percent of its assets in such contracts to convey. Upon default in the conditions of the contract, the association may terminate the interest of the member, his representatives or assigns by serving the notice provided by Minnesota Statutes 1941, Section 559.21, upon such member, his representatives or assigns.

No association shall make the purchase and sale of mortgages or contracts for deed a substantial part of its business, but may purchase or sell loans of any type that it may otherwise make and may also purchase and sell any loan, guaranteed or insured by the United States or any agency thereof, and secured by a home or combination of home and business property located outside of its regular lending area; it may participate with other lenders in making, purchasing, or selling loans, provided the property securing such loan is located within ~~50~~ *100* miles of the principal office of another lender or lenders and that such lender or lenders participate to the extent of at least ~~50~~ *25* percent in such loan; but the purchase of

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such loans hereafter made shall not constitute more than 25 percent of the total assets of such association.

Sec. 12. Minnesota Statutes 1961, Section 51.36, is amended to read:

51.36 **Field of operation limited.** Every local association, by provision in its articles of incorporation or bylaws, shall confine its field of operation exclusively to the county of its principal place of business and those immediately contiguous thereto and any additional area within a ~~50-mile~~ *100-mile* radius from the home office 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 45.04 to 45.08, the notice of hearing provided for therein shall be inserted in a newspaper published at the county seat of each and every county included in the application. If the commission finds, on the hearing, that there is a reasonable public demand for these services, and the commission is satisfied that the association will be safely and properly managed in its enlarged territory, the application may be approved; otherwise the application shall be denied, in whole or in part.

Sec. 13. Minnesota Statutes 1961, Section 51.41, is amended to read:

51.41 **May convert into federal savings and loan association.** Any association, organized and existing under and by virtue of the laws of this state, is hereby authorized and empowered, by majority vote ~~of its outstanding capital stock, according to the book value thereof, present,~~ *of all votes cast* in person or by proxy, at any meeting of its shareholders, duly called for that purpose, to convert itself into a federal savings and loan association, as provided in that certain act of congress known as the home owners' loan act of 1933.

Approved May 10, 1963.

CHAPTER 607—S. F. No. 1525

[Not Coded]

An act relating to Independent School District No. 701, Hibbing; prescribing population for certain tax purposes.

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

Changes or additions indicated by *italics,* **deletions by** ~~strikeout~~.