

(8) Take any confession of judgment or power of attorney to confess judgment against the debtor or appear as the debtor in any judicial proceedings;

(9) Take, concurrent with the signing of the contract, or as a part of the contract or as part of the application for the contract, a release of any obligation required to be performed on the part of the licensee;

(10) Offer, pay or give any substantial cash fee, gift, bonus, premium, reward or other compensation to any person, other than an employee of the licensee for referring any prospective customer to the licensee;

(11) Receive any cash, fee, gift, bonus, premium, reward, or other compensation from any person other than the debtor or a person in the debtor's behalf in connection with his activities as a licensee; provided, however, that this paragraph shall not apply to a licensee which is a bona fide non-profit corporation, duly organized under chapter 317;

(12) Enter into a contract with a debtor unless a thorough written budget analysis indicates that the debtor can reasonably meet the requirements of the financial adjustment plan and will be benefited by the plan;

(13) In any way charge or purport to charge or provide any debtor credit insurance in conjunction with any contract or agreement involved in the financial adjustment plan .

Any violation of the prohibitions contained in this section shall be cause for the suspension, revocation or refusal to renew a license pursuant to section 332.20 and shall also constitute a violation of the provisions of sections 332.12 to 332.29 to which the penalties prescribed in section 332.26 shall attach. In addition to such penalties any person attempting to perform a debt prorating service in this state without maintaining an office in this state shall be subject to a fine not to exceed \$10,000, as determined by the commissioner.

Approved May 21, 1971.

CHAPTER 442—H.F.No.2409

[Coded in Part]

An act relating to industrial loan and thrift companies; defining certain terms; revising the requirements for doing business and the

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powers and duties of industrial loan and thrift companies; regulating loan limitations for branch offices; amending Minnesota Statutes 1969, Chapter 53, by adding a section, and Sections 53.02; 53.03, Subdivision 5; 53.05; 53.06; and 53.08.

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

Section 1. Minnesota Statutes 1969, Chapter 53, is amended by adding a section to read:

[53.015] INDUSTRIAL LOAN AND THRIFT COMPANIES; DEFINITIONS. Subdivision 1. For the purposes of this act and of Chapter 53, the terms defined in this section shall have the meanings given them.

Subd. 2. "Paid-in capital" means consideration received in excess of the par value of preferred or common stock.

Subd. 3. "Invested income" means the net remaining funds resulting from the operation of the corporation and shall include, but not be limited to retained earnings, earned surplus, undivided profits and current earnings.

Subd. 4. "Donated capital" means all funds contributed by the stockholders, other than funds received in connection with the issuance of stock, and such amounts transferred from invested income, either by declaration of a share dividend or by action of the board of directors.

Subd. 5. "Contributed capital" means the sum total of all funds contributed to the corporation by the stockholders and shall include, but not be limited to preferred stock, common stock, paid-in capital and donated capital.

Subd. 6. "Appropriated reserves" means dedicated funds transferred from invested income by action of the board of directors, which dedicated funds shall otherwise be known as a capital reserve.

Sec. 2. Minnesota Statutes 1969, Section 53.02, is amended to read:

53.02 CAPITAL. No corporation shall be organized under this chapter or qualified to do business thereunder with a capital represented by shares of common stock of less than \$25,000 in cities with less than 50,000 people; \$50,000 in cities with more than 50,000 people and less than 100,000 people; and \$75,000 in cities with 100,000 people, or more, according to the last official census; each share of that common stock to have a par value of not less than ~~\$25~~ \$1 per share. No corporation shall begin doing business under this chapter unless the required capital is fully paid, and unless a ~~surplus paid-in capital~~ of no less than ten percent of that required capital shall have

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also been fully paid and set up. After the required capital of a corporation organized or doing business under this chapter shall have been fully paid and a ~~surplus paid-in capital~~ of not less than ten percent thereof also fully paid and set up, additional capital stock in that corporation may be sold at not less than par, provided, however, that there is always maintained a ~~surplus paid-in capital~~ of at least ten percent of the capital of the corporation represented by shares of common stock.

Sec. 3. Minnesota Statutes 1969, Section 53.03, Subdivision 5, is amended to read:

Subd. 5. **PLACE OF BUSINESS.** Not more than one place of business shall be maintained under any certificate of authorization issued subsequent to the enactment of Laws 1943, Chapter 67, pursuant to the provisions of this chapter, but the department of commerce may issue more than one certificate of authorization to the same corporation upon compliance with all the provisions of this chapter governing an original issuance of a certificate of authorization. Where a corporation has been issued more than one certificate of authorization, such corporation shall allocate a portion of contributed capital to each office for which such certificate has been issued, in order to comply with the capital requirements of section 53.02 and section 53.05, clauses (2) and (3) which sections shall be applicable to each such office and the capital allocated thereto in the same manner as if each certificate had been issued to a separate corporation. Each additional certificate of authorization issued pursuant to the provisions of this subdivision shall be filed with the secretary of state and the register of deeds of the county in which the corporation is authorized to do business thereunder. Any such corporation may change one or more of its locations upon the written approval of the commissioner of banks.

Sec. 4. Minnesota Statutes 1969, Section 53.05, is amended to read:

53.05 POWERS, LIMITATION. No industrial loan and thrift company shall have power to do any of the following:

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

(2) 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 ~~paid-in capital and surplus~~ contributed capital and appropriated reserves of the company;

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(3) To lend money in excess of five percent of its paid in capital and surplus contributed capital and appropriated reserves to any person primarily liable; provided, that if marketable collateral be taken as security for a loan, then an industrial loan and thrift company may loan not to exceed ten percent of its paid in capital and surplus contributed capital and appropriated reserves to any one person primarily liable; provided, however, if a loan has been made to any one person primarily liable and payments have been made on the certificate of indebtedness securing it, the amount of such payments may be added to the limitation stated in this clause for the purpose of determining whether additional loans may be made to that person;

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

(5) To deposit any of its funds in any banking corporation, unless that 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.

(6) To change any allocation of capital made pursuant to section 53.03 or to reduce or withdraw in any way any portion of the contributed capital and appropriated reserves without prior written approval of the commissioner of banks.

Sec. 5. Minnesota Statutes 1969, Section 53.08, is amended to read:

53.08 DIVIDENDS. When an industrial loan and thrift company is organized under this chapter 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 the corporation, as they shall judge expedient, but before any dividend is declared, not less than one-tenth of the net profits of the industrial loan and thrift company of the preceding half year, or for such period as is covered by the dividend, shall be carried to a an surplus invested income fund or appropriated reserves until the aggregate of surplus invested income and appropriated reserves shall amount to 20 percent of its capital represented by shares of common stock.

Sec. 6. Minnesota Statutes 1969, Section 53.06, is amended to read:

53.06 DIRECTORS, RESIDENCE. At least three-fourths of the directors of any industrial loan and thrift company shall be residents of the county in which the industrial loan and thrift company maintains its principal place of business and each director shall own and hold ~~not less than 20~~ shares of common stock of the industrial

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loan and thrift company, unencumbered, with a par value of not less than \$500.

Approved May 21, 1971.

CHAPTER 443—H.F.No.2473

[Not Coded]

An act relating to Washington county; authorizing the board of commissioners to issue bonds for the acquisition and betterment of a courthouse; authorizing a levy and limited to specific purposes without a referendum.

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

Section 1. WASHINGTON COUNTY; COURTHOUSE BONDS. The board of commissioners of Washington county may by resolution authorize the issuance of general obligation bonds of the county in an amount not exceeding \$2,500,000 to provide funds for the acquisition, construction and betterment of a municipal building and courthouse, including jail and office facilities.

Sec. 2. Such bonds shall be issued and sold in accordance with Minnesota Statutes, Chapter 475, without first obtaining the approval of the majority of the electors except as herein provided, and the terms of each series of such bonds shall be established so that the principal of and interest on all such bonds due in any year shall not exceed three mills times the assessed value of all taxable property in the county as last finally equalized prior to the issuance of such series.

Sec. 3. The county board of commissioners shall not sell and issue such bonds until it has first adopted a resolution of such intent which resolution shall be published once in each of the following newspapers of general circulation in said county, to-wit: Washington County Bulletin, Stillwater Weekly Gazette, Stillwater Evening Gazette and Forest Lake Times. Such resolution when published shall contain such notice and information necessary to inform the voters of the county of their right to petition for a referendum. If a petition for a referendum on the question of said county issuing such bonds shall be filed with the auditor of said county within 45 days after the last publication of such resolution signed by the qualified voters of said county equal to five percent of the number of voters who voted in the last general county election, then such county board shall submit the question of the issuance of such bonds to the voters

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