

H. F. No. 127.

CHAPTER 93.

Building and
loan asso-
ciations.

An act to amend chapter 233 of the General Laws of 1901, entitled "An act to revise and codify the laws relative to building, loan and savings associations doing a general business in the State of Minnesota."

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

Name to
differ from
existing
corporations.

SECTION 1. That section two (2) of chapter two hundred and thirty-three (233) of the General Laws of 1901, be amended so as to read as follows:

Section 2. The name shall not be the same as, nor too closely resemble, that in use by any existing corporation, established under the laws of this state. The words, "building and loan association" or "savings and loan association" shall form a part of the same, and no corporation, not organized under this act, shall be entitled to use a name embodying either of said combinations of words; *provided*, that associations issuing permanent stock, and having at least \$500,000.00 of permanent stock subscribed, and not less than \$200,000.00 thereof paid in, may, by amendment to their articles of incorporation, adopt any name suitable to their class of business not prohibited by law.

Capital
stock.

SEC. 2. That section 4 of said chapter 233 be amended to read as follows:

Satisfactory
to directors.

Section 4. For every loan made on real estate security, a note or bond, secured by first mortgage on real estate, shall be given, which security shall be satisfactory to the directors, and shall be accompanied by a transfer and pledge of the shares of the borrowers to the association. The shares so pledged shall be held by the corporation as collateral security for the performance of the conditions of said note or bond and mortgage, *provided* that the shares, without other security, may, in the discretion of the directors, be accepted as security for the loans for an amount not exceeding ninety (90) per cent of their withdrawal value as provided by this act. Any such associations may, subject to the approval of the public examiner, provide by contract with its borrowers that loans shall be fully paid at a definite period, upon receipt of a specified number of payments. Any such association may, subject to the approval of the public ex-

Shares held
as collateral.Approval of
public ex-
aminer.

aminer, provide for the adoption of the so-called divided mortgage plan, and any mortgage taken under such divided mortgage plan, which includes a senior mortgage, negotiable by such association for the borrowers, shall be deemed a first mortgage within the meaning of this act. Any such association may receive deposits, borrow money for any legitimate object of its incorporation, and invest its surplus money, not otherwise invested in mortgage loans, in the following securities, to-wit: (1) In the purchase of real estate at any tax sale held in any county of the state, or in the purchase from the state of any lands bid in for or by the state at any tax sale. (2) In bonds of the United States, or any bonds of this state or any other state of the United States. (3) In the bonds, warrants or interest-bearing obligations of any city, county, town, village or school district of the State of Minnesota having legal authority to issue the same; *provided*, that any such city, county, town, or village has at least two thousand (2,000) inhabitants, as determined by the last census of the United States, or this state, preceding the issue of the securities offered for sale, and *provided* that the bonded indebtedness of such municipality, including such securities offered for sale, shall not exceed the limitation of indebtedness provided by law for such municipality. (4) In notes or bonds, secured by first mortgages on real estate of a value satisfactory to the directors, made by persons other than members of the association.

Receive deposits, borrow money.

Security.

Bonded indebtedness not to exceed limitations of law.

SEC. 3. That section 6 of said chapter 233 be amended to read as follows: "Every corporation heretofore, or hereafter, incorporated under the laws of this state and governed by this act, having at least \$500,000 of permanent stock subscribed, and not less than \$200,000 thereof paid in, shall deposit and keep with the public examiner, in trust for all its members and creditors, \$200,000 in mortgage notes or bonds, and the mortgages given to secure the same, or in other securities in which such corporations are permitted to invest, pursuant to the provisions of this act."

Amount of stock.

SEC. 4. This act shall take effect and be in force from and after its passage.

Approved March 28, 1903.