

Sec. 5. This act shall take effect and be in force from and after its passage.

Approved April 18, 1921.

CHAPTER 330—H. F. No. 61.

An act to develop the agricultural resources of the State of Minnesota by land colonization within the state, providing certain privileges to soldier settlers, and creating a state colonization commission.

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

Section 1. State Colonization Commission created—Meetings—Officers—Employees—Report—Duties.—There is hereby created a commission to be known as the State Colonization Commission, hereafter referred to as the "commission," whose duty it shall be to administer the provisions of this act. Said commission shall consist of the Governor, who shall be the chairman thereof, the State Auditor and the Commissioner of Agriculture, all of whom shall be members of said commission during their terms of office and any two shall constitute a quorum. Said commission shall have its office in the Department of Agriculture office. It shall hold regular monthly meetings on such days as may be determined by the commission and may hold special meetings upon the call of the chairman; it shall keep a complete record of all its meetings, its accounts and the business it transacts and may prepare all necessary blanks and forms to be used in its proceedings and in the conduct of its business. The Commissioner of Agriculture shall act as secretary of the commission. He shall attend to and perform any and all detailed work relative to the commission and be the keeper of the seal.

The commission shall have power to employ such attorneys, appraisers, experts, assistants, clerks and other employees as it may deem necessary to conduct the business of said commission, whose salaries shall be fixed by said commission. Provided no expenditures shall be incurred in excess of the moneys provided by the provisions of this act.

The commission shall biannually make a full report of its operations to the President of the Senate and the Speaker of the House, who shall cause the same to be printed for the information of the members. This report shall constitute an accurate review of the work of the commission for the two years preceding the date of said report and shall contain a schedule of all applications for the flotation of bonds issued under the provisions of this act, a schedule of all approved bond issues, a schedule of all rejected bond issues and a statement of the receipts and disburse-

ments of the commission and such other material information as relates to the work of the office.

It shall be the duty of the commission to further proper efforts in land settlement work within the state by preparing from time to time bulletins setting forth the principal features of this act, and through the medium of the press, disseminate information in regard to its endeavors and purpose.

Sec. 2. Powers.—That the commission shall have power subject to the limitations and requirements of this act:

1st—To receive applications from organized corporations, associations or companies engaged in colonization and land settlement work having a paid up capital stock of not less than \$25,000.00, for the authorization of said corporations, associations or companies to operate under the provisions of this act.

2nd—To approve or reject such applications; provided that upon approval the commission shall issue its certificate authorizing such corporation, association or company to operate under the provisions of this act, which certificate shall be revocable for cause.

3rd—To approve or reject any applications made by qualified colonization and land settlement corporations, associations, or companies for the flotation of bonds bearing the approval of the commission; and if approved to endorse upon the face of each of the bonds issued thereunder the words, "This bond is of an issue approved by the State Colonization Commission and is secured by a certain trust deed (briefly describing the same)."

4th—To charge applicants under this act reasonable fees to cover the actual appraisal and determination of title costs; provided that the commission can make such regulations requiring the giving by such applicants of proper bonds to indemnify the commission against any loss by the incurring of such expenses on behalf of such applicants.

5th—To do all things necessary for the proper and efficient conduct of its business and in furtherance of the purposes of this act.

Sec. 3. Applications to issue bonds.—Whenever an application, for the flotation of bonds bearing the approval of the State Colonization Commission, is made by a qualified colonization and land settlement corporation, association or company to the commission, such application shall be referred to one or more of the appraisers appointed by the commission and such appraiser or appraisers shall investigate and make a written report upon the land offered as security for such bond issue. No such application shall be favorably acted upon by the commission unless said written report is favorable. The land settlement appraisers appointed by the commission shall make such examinations and ap-

praisals and conduct such investigations as the commission shall direct.

Sec. 4. Restrictions.—That the commission shall not approve the flotation of any bonds under any colonization or land settlement project except when such project is made upon the following terms and conditions:

1st—Said bonds shall be secured by duly recorded trust deeds executed by the colonization corporation, association or company on agricultural lands within the state.

2nd—The premises conveyed by such trust deeds must be held by the colonization company grantor in fee simple absolute and free from all encumbrances, subject to land contracts executed and delivered by the grantor to actual settlers on such premises; provided that the term "encumbrance" shall not include ditch, drainage, road and like assessments levied by the state or any subdivision thereof for a public purpose, provided further that the term fee simple absolute shall not necessarily include mineral rights.

3rd—If a trust company organized under the laws of this state is not designated as trustee in such deed of trust the commission shall inquire into and determine the financial responsibility of the person, firm or corporation proposed as such trustee and such trustee must be approved by the commission before any bonds bearing the approval of the commission may be issued thereon. Such trust deeds must designate the trustee as holding such premises as security for the holders of any bonds issued thereupon and bearing the approval of the commission: Such trust deeds must contain authorization to the trustee to release any and all lands covered thereby from the lien, operation and effect of such deed of trust; provided that it shall become the duty of the trustee to release any and all lands upon which the settler has completed his payments and is entitled to a deed therefor from the grantor.

4th—The commission shall determine the interest rate to be paid upon bonds of any such issue. No bonds issued by such colonization company shall receive the approval of the commission when its bonded indebtedness is in excess of twenty times the amount of its capital and surplus.

The interest rate, to be paid upon land contracts and mortgages owned by such companies pledged as security for an issue of bonds bearing the approval of the commission under the terms of this act, shall not exceed by more than one per centum per annum the rate of interest to be paid upon the bonds of that issue.

5th—No rate of interest exceeding seven per cent per annum upon the unpaid principal of the purchase money due on his contract or upon the principal sum due on his mortgage shall be

paid by any settler upon lands covered by any trust deed executed under the provisions of this act, providing however that the commission may fix a lesser interest rate on such contracts and mortgages.

6th—All land contracts issued to settlers upon premises covered by said deeds of trust shall be assigned by the grantor to the trustee and shall be held by the trustee as a part of the security underlying the bonds issued. The payment of such land contracts shall be guaranteed by the grantor in such deeds of trust.

7th—No bonds shall be issued bearing the approval of the commission upon any trust deed in amount in excess of sixty per cent of the unpaid balance of the purchase money due the grantor from the settlers upon their land contracts; provided that not more than twenty per cent of the land contracts issued upon lands covered by any trust deed shall have more than eighty per cent of the purchase money unpaid thereon; not more than twenty per cent of such land contracts shall have more than seventy per cent and less than eighty per cent of the purchase money unpaid thereon; and not less than forty per cent of such land contracts shall have less than fifty per cent of the purchase money unpaid thereon; provided further that first mortgages executed by settlers on lands covered by such trust deeds can be considered the same as land contracts for the purposes of this act; provided further that the commission may accept land contracts issued by the grantor to soldiers, sailors or marines honorably discharged from the service of the United States and actual settlers upon the lands covered thereby, as proper security underlying such bond issues although not more than ten per cent of the purchase price of such lands has been paid at that time. However, not more than fifty per cent of the security underlying any certain bond issue can be made up of land contracts executed to soldiers, sailors or marines honorably discharged from the service of the United States and upon which not more than twenty per cent of the purchase price has been paid.

8th—A sum equal to one-eighth of one per cent of the face value of all bonds issued by qualified colonization or land settlement corporations, associations or companies and bearing the approval of the commission under the terms of this act must be paid by such colonization company at the time of the issuance of such bonds and annually thereafter. The sum so paid to the commission shall be deposited with the State Treasurer and shall constitute a revenue fund to cover costs of operation and as such be subject to the disposal of the commission. This amount must be paid by such colonization companies independent of the actual appraisal and determination of title costs for which a separate charge is made.

Sec. 5. Commission to approve bonds.—That whenever the commission has approved any issue of bonds in accordance with the provisions of this act it shall request the grantor in the trust deed securing same to furnish it with printed bonds properly executed by such colonization company. Upon receipt of such bonds properly executed the commission shall endorse its approval thereon.

It shall be the duty of the trustee to see that the bonds outstanding by virtue of any trust deed shall be secured by payments due on land contracts or mortgages on lands covered thereby, as provided by the act, at least equal to twice the amount of such bonds. The commission may at any time call upon any colonization company for additional security to protect the bonds issued by it, under the provisions of this act.

Every colonization company issuing bonds bearing the approval of the commission shall be primarily liable therefor and in no wise can the commission be considered as incurring any liability thereon.

Sec. 6. Denomination of bonds.—All bonds issued under the terms of this act shall be issued in denominations of \$25.00, \$50.00, \$100.00, \$500.00, or \$1000.00; they shall run for a specified minimum and maximum period subject to payment and retirement, at the option of the colonization company at any time after five years from the date of their issue. They shall have interest coupons attached payable semi-annually and shall be issued in series of not less than \$25,000.00, the amount and terms to be fixed by the commission. They shall bear a rate of interest of one per cent less than the securities underlying the bonds issued.

The commission shall prescribe rules and regulations concerning the circumstances and manner in which these bonds shall be paid and retired under the provisions of this act.

The colonization company, grantor in any trust deed, may with the approval of the commission and in such amounts as the commission may determine, substitute, as security underlying any bond issue, cash or any obligations of the United States Government.

Sec. 7. Unconstitutionality of part not to affect balance of act.—Should the courts of this state declare any section or provisions of this act unconstitutional or unauthorized, or in conflict with any other section or provision of this act, then such decision shall affect only the section or provisions declared to be unconstitutional or unauthorized and shall not affect any other section or part of this act.

Sec. 8. This act shall take effect and be in force from and after the date of its passage.

Approved April 18, 1921.