

the same settlement as the parent with whom he has resided. Every child born in a state institution shall have a settlement in the county in which the mother had a legal settlement at the time she was committed to such institution. Every minor not emancipated and settled in his own right and living apart from his parents and not supported by his parents shall, after receiving aid and support from others uninterrupted for a period of two years, acquire the settlement of the person with whom he has resided for a period of not less than two years, provided that a married woman abandoned or deserted by her husband for a period of one year continuously shall thereafter have the same right to acquire a new settlement as a single person. *The legal settlement of persons under commitment as insane, feeble-minded, epileptic, inebriate or psychopathic personality, in so far as such persons are subject to the provisions of reciprocity agreements between the State of Minnesota and other states, shall be gained upon a residence of one-half of the time required for the gaining of legal settlement for poor relief purposes but shall otherwise be subject to the same conditions and exceptions.*

A settlement in this state shall be terminated and lost by:

(1) Acquiring a new one in another state.

(2) By voluntary and uninterrupted absence from this state for a period of one year with intent to abandon his residence in the state of Minnesota.

Approved April 13, 1945.

CHAPTER 290—H. F. No. 783

An act relating to building, savings and loan associations, state and federal, and to the business and powers thereof, authorizing investments by fiduciaries and others therein; amending Minnesota Statutes 1941, Sections 51.01, Subdivision 16, 51.04 as amended by Laws 1943, Chapter 587, Section 1; 51.09; 51.14; 51.29; 51.34; and 51.35.

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

Section 1. Minnesota Statutes 1941, Section 51.01, Subdivision 16, is amended to read as follows:

Subdivision 16. "Member" means a person owning one or more shares of stock of an association, evidenced by a

share certificate or pass book issued in the name of the person, individually or jointly, or a person borrowing from an association, owning shares of stock, individually or jointly, in conjunction with a loan, or a person assuming or obligated upon a loan made or held by an association.

Sec. 2. Minnesota Statutes 1941, Section 51.04, as amended by Laws 1943, Chapter 587, Section 1, is amended to read as follows:

51.04. Commissioner to supervise: Subdivision 1. Visits; examinations; books and records. The commissioner of banks 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. The right of inspection of the books and records of such association shall be exclusive with the Commissioner of Banks. *Nothing herein shall limit the commissioner from making such additional examinations or visits as he may deem necessary or proper.*

Subd. 2. Supervision of management. The commissioner of banks shall investigate the methods of operation and conduct of associations and their systems of accounting, to ascertain whether these methods and systems are in accordance with law and sound business principles. He may examine, or cause to be examined, on oath, any of the officers, directors, agents, clerks, customers, or shareholders of any association touching the affairs and business thereof, and may, in the performance of his official duties, issue or cause to be issued by the examiners, subpoenas, and administer, or cause to be administered by the examiners *such* oaths. In case of any refusal to obey any subpoena issued by him or under his direction, *such* refusal may at once be reported to the district court of the *county* in which the association is located, and this court shall enforce obedience to these subpoenas in the manner provided by law for enforcing obedience to subpoenas of the court. In all matters relating to his official duties, the commissioner shall have the same power possessed by courts of law to issue subpoenas, and cause them to be served and enforced, and all officers, directors, and employees of *such* associations, and all persons having dealings with or knowledge of the affairs or methods of associations shall, at all times, afford reasonable facilities for *such* examinations, and make such returns and reports to the commissioner as he may require; attend and answer, under oath, his lawful inquiries,

produce and exhibit such books, accounts, documents, and property as he may desire to inspect, and in all things aid him in the performance of his duties.

Sec. 3. Minnesota Statutes of 1941, Section 51.09 is hereby amended to read as follows:

51.09. Purposes. Subdivision 1. Accumulation of funds; continuation of powers. Savings, buildings and loan associations may be formed for the accumulation of funds to be loans to their members, to be secured as hereinafter provided; and hereafter no association shall be organized or operated for such real or nominal purposes otherwise than as herein prescribed. Until otherwise provided by law, all existing financial corporations conducting the business of savings and loan and building and loan associations at the time of this chapter taking effect shall continue to exercise and enjoy all powers and privileges possessed by them under their respective articles of incorporation and the laws applicable thereto then in force not inconsistent with the provisions of this chapter, and shall remain subject to all duties and liabilities to which they were then subject.

Subd. 2. Federal associations, similar powers. Federal savings and loan associations, incorporated pursuant to the Home Owner's Loan Act of 1933 and acts amendatory thereto, and their members shall be entitled to the same benefits, privileges and immunities as associations and their members subject to the provisions of this chapter.

Sec. 4. Minnesota Statutes of 1941, Section 51.14 is amended to read as follows:

51.14. Rights, privileges, powers and duties. Subdivision 1. By-laws; meetings; publication of reports. The rights, privileges, and powers and the duties and liabilities of members of an association shall be as fixed by the by-laws and this chapter. An annual meeting of the members of each association shall be held in the month of December or January, as fixed by the by-laws of the association. Every association shall prepare and publish semiannually, in the months of January and July, in a newspaper of general circulation, published in the English language, in the county in which the association is located, and deliver to each member, upon application therefor, a statement of its financial condition for the previous six months' period, in the form prescribed or approved by the commissioner.

Subd. 2. Loans to members. All shareholders of record and all borrowers from the association, and all persons as-

suming or obligated upon loans made or held by it shall be members thereof. Any person, including an adult individual, male or female, single or married, a partnership, association, representative of an estate, guardian, trustee, and corporation, may be a borrower from the association, provided such person has full legal power to contract for the payment of the loan under the laws of this state.

Subd. 3. Voting. In the determination of all questions requiring action by members, *each borrower and each obligor upon a loan shall be entitled to one vote as such borrower or obligor* and each shareholder shall be permitted to cast one vote for each share or fraction thereof of the withdrawal value of his share account, except only one vote may be cast for each share of stock or fraction thereof owned jointly, and except that an association may, in its by-laws, limit or determine the number of votes to be cast by each shareholder. Voting may be by proxy, provided the proxy instrument authorizing the proxy to vote shall have been executed, in writing, by the member within six months prior thereto. A majority of all votes cast at any meeting of the members shall determine any question, except voluntary liquidation. The members who shall be entitled to vote at any meeting of the members shall be those owning share account of record and *borrowers and obligors* who are members of record at the end of the calendar month next preceding the date of the meeting of members, except those who have ceased to be members. The number of votes of each member shall be determined by the withdrawal value of his share account, or, if a borrower or *obligor, owning shares by the number of shares owned by him on such record date or if such a member, not owning shares, as provided above.*

Subd. 4. Limitation on membership charge. The association shall not, directly or indirectly, charge any membership, admission, withdrawal, or any other fee or sum of money in excess of one percent of the par value of each share for the privilege of becoming, remaining, or ceasing to be a member of the association, in addition to reasonable charges upon the making of a loan. The association shall not charge any member any sum of money by way of fine or penalty for any cause, except that a reasonable charge may be made against borrowers for defaults or prepayments on loans.

Sec. 5. Minnesota Statutes 1941, Section 51.29 is amended to read as follows:

51.29. Shares. Subdivision 1. Issuance. An association may issue share certificates in the name of any administrator,

executor, guardian, trustee or other fiduciary, in trust for a named beneficiary or beneficiaries. Any fiduciary shall have power to vote as a member as though the share certificate were held absolutely, to make payments upon and to withdraw any such account, in whole or in part. The withdrawal value of any such account, and dividends thereon, or other rights relating thereto, may be paid or delivered, in whole or in part, to the fiduciary, without regard to any notice to the contrary, so long as the fiduciary is living. The payment or delivery to any fiduciary, or a receipt or acquittance signed by a fiduciary, to whom any such payment, or any such delivery of rights is made, shall be a valid and sufficient release and discharge of an association for the payment or delivery so made. When a person holding an account in a fiduciary capacity dies and no written notice of the revocation or termination of the trust relationship shall have been given to an association, the withdrawal value of the account, and dividends thereon, or other rights relating thereto, may, at the option of an association, be paid or delivered, in whole or in part, to the beneficiaries of the trust. The payment or delivery to any beneficiaries, or a receipt or acquittance signed by any beneficiary for any such payment or delivery, shall be a valid and sufficient release and discharge of an association for the payment or delivery so made.

Subd. 2. To whom issued. Administrators, executors, guardians, trustees and other fiduciaries of every kind and nature, when authorized by an order of the court having jurisdiction, and insurance companies, fraternal beneficiary association, cemetery associations, however organized, charitable, educational, eleemosynary organizations and trustees or governing bodies of public employees' pension, benefit or relief associations are authorized to invest funds held by them in shares, accounts or certificates of savings, building and loan associations, organized under the laws of this state or the United States and such investments shall be held to be legal investments for such funds. The provisions of this subdivision are supplemental to any and all other laws relating to and declaring what shall be legal investments for the persons, corporations, organizations and officials herein referred to.

Sec. 6. Minnesota Statutes of 1941, Section 51.34 is amended to read as follows:

51.34. Powers. Subdivision 1. Generally. Every association incorporated pursuant to or operating under the provisions of this chapter shall have all the powers enumerated, authorized, and permitted by this chapter, and such other rights, privileges, and powers as may be incidental to or

necessary for the accomplishment of the objects and purposes of the association. Every association shall have the following powers:

Subd. 2. Specifically. (1). To sue and 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 by-laws 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 per cent 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 \$3,000,000, it shall be unlawful for it to make any mortgage loan exceeding two and

one-half per cent 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 by-laws, 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 of this subdivision.*

Subd. 3. Investments. 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 home loan banks and in obligations of the federal savings and loan insurance corporations; and

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

Subd. 4. Real estate. Without restriction upon the general powers of the association, provided title to all real estate shall be taken and held in the name of the association and such title shall immediately be recorded in accordance with law, to invest in:

(1) Real estate whereon there is or may be erected a building or buildings for the transaction of the business of the association, from portions of which, not required for its own use, a revenue may be derived by rentals or otherwise; an association may invest in this real estate an amount representing the cost of land and improvements not exceeding five per cent of its net assets; and it may invest in this real estate a larger sum with the approval of the commissioner;

(2) Real estate acquired by the association in exchange for real estate owned by the association;

(3) Real estate acquired by the association in connection with salvaging the value of property owned by the association;

Subd. 5. Redemption of share accounts. To repurchase and redeem share accounts in accordance with the provisions of this chapter;

Subd. 6. Bonus. To pay a bonus to members in accordance with the provisions of this chapter, and no other bonus;

Subd. 7. Reorganization. To dissolve, merge, or reorganize in the manner provided in this chapter; and

Subd. 8. To borrow money. To borrow money not in excess of 50 per cent of its paid-in capital.

Subd. 9. Express authorizations. In furtherance and not in limitation of the powers hereinbefore conferred, the board of directors is expressly authorized;

(1) By resolution, approved by a majority of the entire board of directors, to appoint and remove members of an executive committee, composed of the president and two or more additional directors, which committee shall have and exercise the powers of the board of directors when it is not in session;

(2) By resolution, to appoint such other committees as may be deemed necessary, and to fix their duties;

(3) To compensate directors as may be provided in the by-laws;

(4) To fix salaries or other compensation of officers and employees, from time to time, and to delegate to any officers the power to fix the salaries or other compensation of employees; no officer shall be prevented from receiving a salary for his services as such officer by reason of the fact that he is also a director;

(5) To extend leniency and indulgence to borrowing members who are in distress, and generally to compromise and settle any debts and claims, but any such leniency shall not affect the contractual relation unless duly executed by the parties by a written agreement;

(6) To limit, from time to time, the amounts which may be accepted by the association as payments on share accounts;

(7) To reject any application for membership; and

(8) To exercise any and all powers of the association not expressly reserved by the articles of incorporation to the members.

Sec. 7. Minnesota Statutes of 1941, Section 51.35 is hereby amended to read as follows:

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 by-laws, acquire the title thereof, and it may give to the *member* a contract to convey the same as upon a sale thereof. *Provided, however, that no association shall hereafter invest more than 50 per cent 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 it may purchase from any governmental agency or instrumentality first lien mortgages and contracts for deed, the security for which is situate in this state, and may incidentally purchase and sell loans of any type which it is permitted to make, but the purchase of such loans hereafter made shall not constitute more than 25 per cent of the total assets of such association.

Approved April 13, 1945.

CHAPTER 291—H. F. No. 963

An act relating to intoxicating liquors and the registration of brand labels thereof with the Liquor Control Commissioner, amending Minnesota Statutes 1941, Section 340.62, as amended by Laws 1943, Chapter 308, Section 1.