

245.67 **Members of community health boards; terms, vacancies, removal.** Except for boards appointed by non-profit corporations, the term of office of each member of the community mental health board shall be for ~~four~~ *three* years measured from the first day of the year of appointment except that of the members first appointed, ~~three~~ *one-third* shall be appointed for a term of ~~two~~ *years*; ~~one~~ *year*, ~~three~~ *one-third* for a term of ~~three~~ *two* years, and ~~three~~ *one-third* for a term of ~~four~~ *three* years: *if there is a nine, twelve, or fifteen member board. Any remaining members first appointed shall serve the three year term.* Vacancies shall be filled for the unexpired term in the same manner as original appointments. Any member of a board may be removed by the appointing authority for neglect of duty, misconduct or malfeasance in office, after being given a written statement of charges and an opportunity to be heard thereon.

Approved May 22, 1963.

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CHAPTER 797—S. F. No. 708

[Coded]

*An act relating to the control of the sale of subdivided lands; providing penalties.*

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

Section 1. [83.01] **Subdivided lands; control of sale; definitions.** Subdivision 1. **Terms.** For the purpose of this act the terms defined in this section have the meanings ascribed to them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of securities of the state of Minnesota or his authorized delegate.

Subd. 3. **Person.** "Person" means any person, firm, partnership, corporation, or other association.

Subd. 4. **Subdivision.** "Subdivision" or "subdivided lands" means improved or unimproved land or lands, located within or without the state, which are divided or proposed to be divided for the purpose of sale or lease, immediate or future, into 101 or more lots or parcels, contiguous in area and which are under common ownership or control.

Subd. 5. **Municipality** means city, village or borough.

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

Sec. 2. **[83.02] Exceptions.** This act does not apply to:

(a) Sales of lots or parcels of land that do not constitute a "subdivision" or "subdivided lands" as defined herein;

(b) The sale of lots in a cemetery;

(c) The leasing of apartments, stores, offices, or similar space in a building;

(d) Any subdivision located within the corporate limits of a municipality in this state, and any subdivision located in a town or municipality located within 20 miles of the city limits of a city of the first class or within three miles from the city limits of a city of the second class; and

(e) Any subdivision which has qualified for loan guarantees by any agency of the United States government.

Sec. 3. **[83.03] Notice of intention.** Subdivision 1. No subdivided lands not excepted from this act located in Minnesota may be offered for sale, nor may subdivided lands located elsewhere be offered for sale in Minnesota, until the owner, his agent, his employee, his representative, or subdivider shall notify the commissioner in writing of his intention to make such offer.

Subd. 2. The notice of intention as provided in subdivision 1 shall contain the following information:

(a) The name and address of all fee owners, equitable owners, mortgagees, and optionees;

(b) The name and address of the persons offering the lots or parcels for sale;

(c) The legal description and area of lands, together with a map showing the layout proposed and relation to existing streets or roads;

(d) A statement of the conditions of the title to the land, particularly including all encumbrances thereon;

(e) A statement of the terms and conditions on which it is intended to dispose of the land, together with copies of any and all forms of conveyance intended to be used;

(f) A statement of the provisions for legal access, sewage disposal, and public utilities in the proposed subdivision, including water, electricity, gas, and telephone facilities; and

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(g) Such other information as the owner, his agent, his employee, his representative, or subdivider may desire to present.

Sec. 4. [83.04] **Questionnaire, filing fee.** The commissioner may require such additional information concerning the project as is deemed necessary, and is not inconsistent with this act. The commissioner may prepare a questionnaire for the owner, his agent, his employee, his representative, or subdivider to answer. Unless such request is served upon the applicant within 30 days after receipt of the notice of intention, the commissioner shall be deemed to have waived the right to require a public report. A filing fee of \$50 shall accompany the answered questionnaire. The questionnaire concerning any subdivision proposed to be sold or leased as potential mineral, oil, or gas property shall be accompanied by an additional filing fee of \$50. The commissioner shall retain all filing and other fees and payments made under this act to defray the expenses of administration, which funds shall be deposited in the state treasury and are hereby appropriated to the commissioner in accordance with Minnesota Statutes, Section 82.14 and 82.15.

Sec. 5. [83.05] **Public report.** When the commissioner makes investigation of any subdivision, he shall prepare a public report of his findings. Such public report shall be prepared and served upon the applicant by mail within 90 days after the receipt of the answers to the questionnaire described in section 4, unless the commissioner and the parties stipulate otherwise. If the commissioner determines that publication of the public report would be of benefit to the investing public, he may do so. If the report is not so issued within 90 days or such time as the parties may stipulate, the land may be sold or leased without providing purchasers or lessees with a copy of the public report.

Sec. 6. [83.06] **Unlawful sales.** It shall be unlawful to sell or lease or offer to sell or lease lots or parcels in a subdivision prior to the issuance of a public report unless:

(a) The filing of additional information following the receipt of a notice of intention is expressly waived in writing by the commissioner; or

(b) More than 30 days have elapsed since the filing of the notice of intention and no request for additional information has been mailed to the applicant; or

(c) After submission of the original notice of intent there be a material change in the conditions of such offering without first notifying the commissioner in writing of such intended change and securing a written acknowledgment of the commissioner.

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Sec. 7. **[83.07] Receipt taken.** Subdivision 1. A copy of the public report as provided for in section 5 and an opportunity to read same shall be given to each prospective purchaser or lessee by the owner, subdivider, employee, representative, or agent, at his expense, and a receipt taken therefor prior to the execution of a binding contract or agreement for the sale or lease of any lot or parcel in a subdivision.

Receipts taken for any public report shall be kept in file in possession of the owner, subdivider, employee, representative, or agent subject to inspection by the commissioner for a period of three years from the date the receipt is taken.

Subd. 2. The public report or any reference thereto shall not be used for advertising purposes unless the report is used in its entirety. No portion of the report shall be underscored, italicized, or printed in larger or heavier type than the balance of the report unless the true copy of the report furnished by the commissioner so emphasizes any words or phraseology.

Sec. 8. **[83.08] Investigation of subdivisions.** The commissioner may investigate any subdivision not excepted from this act being offered for sale or lease in this state. For the purposes of such investigation, the commissioner may:

(a) Use and rely upon any relevant information or data concerning a subdivision obtained by him from the federal housing administration, the United States veterans administration, or any state or federal agency having supervisory duties over real estate subdivisions which are comparable to those of the commissioner;

(b) Require reports prepared by competent authorities as to any hazard to which the subdivision may be subject or any factor which might affect the value or utility of lots or parcels within the subdivision;

(c) Require evidence of compliance with the requirements of appropriate authorities; and

(d) Require an inspection of the subdivision to be made.

Sec. 9. **[83.09] Travel allowance for inspection.** When an inspection is to be made of subdivided lands, wherever situated, being offered for sale or lease in this state, the commissioner may require, in addition to the filing fee, an amount equivalent to ten cents a mile for each mile going and returning, estimated by the commissioner to be traveled to the location of the project, and an amount estimated to be necessary to cover the additional expenses

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of such inspection, not to exceed \$50 a day for each day consumed in the inspection of the project.

Sec. 10. **[83.10] Sales contract.** Every sales contract relating to the purchase of real property in a subdivision shall clearly set forth the legal description of the property, and the terms of the contract.

Sec. 11. **[83.11] Notification of option, sale or lease.** When 101 or more lots or parcels within a subdivision not excepted from this act are optioned, leased, or sold to another, or when an interest therein is acquired by one owner, lessee, or optionee, the commissioner shall be notified by the parties to the transaction.

Sec. 12. **[83.12] Inspection of records.** Records of the sale or lease of parcels within a subdivision shall be subject to inspection by the commissioner, who shall be notified of any change of address affecting the location of the owner's, subdivider's, employee's, representative's, or agent's records.

Sec. 13. **[83.13] Rules and regulations.** The commissioner may adopt rules and regulations to implement the provisions of this act.

Sec. 14. **[83.14] Civil liability.** Any owner, agent, employee, representative, or subdivider who fails to pay the fees required as herein provided, for filing fee or inspection fee, shall be liable civilly in an action brought by the commissioner for damages in the amount of unpaid fees.

Sec. 15. **[83.15] Fraud, misrepresentation.** The act, use or employment by any person of any fraud, false pretense, false promise, or misrepresentation, with the intent that others rely thereon in connection with the proposed sale or lease of subdivided lands not excepted from this act is a violation of this act, whether or not any person has in fact been misled, deceived, or damaged thereby, and is enjoined as provided herein.

Sec. 16. **[83.16] Injunction.** The commissioner may apply to the district court to enjoin violations of this act as described in Section 15.

Sec. 17. **[83.17] Gross misdemeanor.** Any owner, or any officer, agent, or employee of such person, who knowingly authorizes, directs, or aids in the publication, advertisement, distribution, or circularization of any false statement or representation concerning any subdivided lands not excepted from this act offered for sale or lease, and every such person who, with knowledge that any advertisement, pamphlet, prospectus, or letter concerning any such lands

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contains any written statement that is false or fraudulent, issues, circulates, publishes, or distributes the same, or shall cause the same to be issued, circulated, published, or distributed, shall be guilty of a gross misdemeanor.

Sec. 18. **[83.18] Misdemeanor and penalties.** The following acts are misdemeanors:

(a) The willful violation or failure to comply with any of the provisions of sections 1 to 16;

(b) The willful violation, failure, omission, or neglect to obey, observe, or comply with any order, permit, decision, demand, or requirement of the commissioner;

(c) The advertising or offering for sale or lease as an agent, salesman, or broker for a subdivider, developer, or owner of subdivided lands of a subdivision, wherever situated, which is being offered for sale within this state without first complying with the provisions of sections 1 to 16.

Sec. 19. **[83.19] Statute of limitations.** The statute of limitations shall not begin to run with respect to any civil or criminal cause of action arising out of the sale or lease of a lot or parcel in violation of sections 1 to 16 until a conveyance describing such lot or parcel is recorded with the appropriate recording authority.

This section does not prohibit the maintenance of any action before the recording of such conveyance.

Approved May 22, 1963.

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## CHAPTER 798—S. F. No. 758

[Coded]

*An act relating to tort liability of cities, villages, boroughs, counties, towns, public authorities, certain public corporations, school districts, and other political subdivisions of the state; repealing Minnesota Statutes 1961, Sections 112.70; 12.41; 115.07, Subdivision 5; 360.33, Subdivision 2; 399.04, Subdivision 18; 412.221, Subdivision 4; 418.11; 465.62; 465.09 to 465.121; 471.42 and 471.43.*

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

Section 1. **[466.01] Municipalities; tort liability; definitions.** Subdivision 1. For the purposes of this act, "municipality" means any city, whether organized under home rule charter

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