

CHAPTER 511

CHATTEL MORTGAGES; CONDITIONAL SALES; PLEDGES;
SEED LOANS

CHATTEL MORTGAGES

511.01 MORTGAGES, WHEN VOID

Minnesota is a non-title state as concerns automobiles. To make a search for a lien on an automobile would necessitate a search on every county and every first class city in the state. 36 MLR 77.

A chattel mortgage is a conveyance of personalty intended as security for payment of money or for performance of some act. It is ordinarily in form an absolute conveyance defeasible upon happening of a condition subsequent, such as the payment of money or the performance of an act. Where the dairy and the government executed a combined warranty deed and bill of sale for the dairy to erect a building equipped for manufacturing products for national defense which was to be conveyed to the government for an agreed price upon condition subsequent that the title should revert to the dairy upon payment to the government of an amount equivalent to the purchase price less depreciation after a declaration that the building was not necessary for defense purposes and for the dairy to pay a specific rental and provided that the government's title should become indefeasibly vested in the government should the dairy fail to make the payment necessary for the reversion, the deed and the bill of sale was a mortgage of realty and personalty in the building and the government was the mortgagee and not the owner of the building. *Land O'Lakes Dairy v Wadena County*, 229 M 163, 39 NW(2d) 164.

In a chattel mortgage it is the function of the court to rule upon the sufficiency of the description of the mortgaged property, and it is the function of the jury to determine whether the property in controversy is the same as the property mortgaged. The description of the property is sufficient if it will enable a person, aided by inquiries which the instrument suggests, to identify the mortgaged property. *Trager v Jackson*, 230 M 544, 42 NW(2d) 16.

The purpose for recordation is to protect good faith subsequent purchasers and mortgagees, and should be strictly construed to effect that purpose. *Lawin v Pepe*, 231 M 561, 43 NW(2d) 804.

511.03 MORTGAGE TO CONTAIN RECEIPT OF MORTGAGOR

The receipt required for a chattel mortgage may be contained in the body of the mortgage or may be endorsed thereon or may be attached thereto. OAG April 16, 1947 (532-B-5).

511.04 FILING

HISTORY. RS 1851 c 27 s 2, 5; PS 1858 c 22 s 2, 5; 1860 c 33 s 2, 5; GS 1866 c 39 s 2; 1876 c 53 s 1; GS 1878 c 39 s 2; 1883 c 38 s 1; 1889 c 79 s 1; GS 1894 s 4130, 4132; 1897 c 292 s 2, 4; 1899 c 18; RL 1905 s 3462; GS 1913 s 6967.

In Minnesota it is not required to file assignments of chattel mortgages or conditional sales contracts. *Lawin v Pepe*, 231 M 561, 43 NW(2d) 804.

Under the provisions of sections 511.04, 511.20, and 511.26, chattel mortgages upon property having its situs in a city of the first class must be recorded with the clerk of that city. All other chattel mortgages must be filed with the register of deeds of the county in which the property was situated at the time of the execution of the mortgage. *In re Haskvitz*, 104 F. Supp. 173.

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A conditional sales contract on property located in a municipality in a county wherein salary of the register of deeds assumedly was fixed by a special law, and not in a city of the first class, was properly recorded in the office of register of deeds of the county in which the property was located and section 511.20 controlled. Sections 511.04 and 511.26 being inapplicable such record afforded notice to the conditional buyer's creditors, including the buyer's trustee in bankruptcy. In re Haskvitz, 104 F. Supp. 173.

511.05 DUTIES OF RECORDING OFFICER, FEE

HISTORY. 1897 c 292 s 3; RL 1905 s 3463; GS 1913 s 6968.

511.06 INDEX; NOTICE; LIEN

HISTORY. RS 1851 c 27 s 3; PS 1858 c 22 s 3; 1860 c 33 s 3; GS 1866 c 39 s 3; 1870 c 59 s 1; 1875 c 50 s 1; 1876 c 53 s 2; GS 1878 c 39 s 5; 1879 c 65 s 5; GS 1894 s 4131, 4133; 1897 c 292 s 4; 1901 c 146; RL 1905 s 3464; GS 1913 s 6969.

Constructive notice is not imparted to subsequent purchasers and mortgagees by a recorded conditional sales contract or a chattel mortgage which is so carelessly and improperly drawn that it fails to give or identify with reasonable certainty the names of both the vendee and the vendor or both the mortgagee and the mortgagor. Statutes providing for the recordation of conditional sales contracts and chattel mortgages are designed to protect good faith subsequent purchasers and mortgagees and should be strictly construed to effect this purpose. The burden of filing a legally sufficient copy of a conditional sales contract or of a chattel mortgage rests upon the vendor or the mortgagee, as the case may be. *Lawin v Pepe*, 231 M 561, 43 NW(2d) 804.

511.09 REDEMPTION BEFORE SALE; SUBROGATION

HISTORY. GS 1866 c 39 s 5, 6; GS 1878 c 39 s 8, 9; GS 1894 s 4136, 4137; 1895 c 215 s 1; 1897 c 292 s 7, 8; RL 1905 s 3467; GS 1913 s 6972.

511.10 FORECLOSURE, WHEN AND WHERE MADE

HISTORY. GS 1866 c 39 s 7; GS 1878 c 39 s 10; 1879 c 65 s 1, 2; GS 1878 Vol 2 (1888 Supp) c 39 s 3a, 3b; GS 1894 s 4138, 4143, 4145; 1897 c 292 s 9; RL 1905 s 3468; GS 1913 s 6973.

Evidence that on May 23, 1947, no default existed in chattel mortgages covering plaintiff's personal property; that bill of sale delivered by plaintiffs to defendant on May 23, 1947, covering such chattels was to become absolute only in the event that plaintiff's check to defendant in the sum of \$500, post-dated to May 26, 1947, was not paid on that date; and that on May 23, 1947, defendant forcibly took possession of plaintiff's personal property covered by such chattel mortgages and bill of sale as well as other property not included therein is sufficient to support finding by jury that on May 23, 1947, defendant converted to his own use goods and chattels belonging to plaintiffs. *Percansky v Levine*, 237 M 206, 54 NW(2d) 110.

The findings of the trial court sustain its conclusion that there was an eviction of plaintiff by defendant and that defendant's attempted foreclosure of the chattel mortgage was not based on reasonable grounds for any belief that the security was in danger. *Hendrickson v Grengs*, 237 M 196, 54 NW(2d) 105.

511.13 ATTORNEY'S FEE ON FORECLOSURE; ATTORNEY'S AFFIDAVIT

Are installment loans usurious? 36 MLR 744.

Existing Installment Sales Act. 36 MLR 753.

Installment finance charge under the general usury laws. 36 MLR 747.

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511.16 MORTGAGOR'S INTEREST SUBJECT TO GARNISHMENT, ATTACHMENT, OR EXECUTION

Garnishment; quasi-in-rem jurisdiction over nonresidents; trial of issue raised by a supplemental complaint. 35 MLR 501.

CONDITIONAL SALES

511.18 CONDITIONAL SALES CONTRACTS

Minnesota being a non-title state, necessitates a search in every county and in every first class city in the state to discover a lien on an automobile. 36 MLR 77, 82.

As it relates to conditional sales contracts the waiver of a defense clause as precluding a defense of fraud in an action by an assignee. 37 MLR 206.

Transfer of installment contract to finance company as evidence of loan transaction; usury. 37 MLR 223.

Constructive notice is not imparted to subsequent purchasers and mortgagees by a recorded conditional sales contract or a chattel mortgage which is so carelessly and improperly drawn that it fails to give or identify with reasonable certainty the names of both the vendee and the vendor or both the mortgagee and the mortgagor. Statutes providing for the recordation of conditional sales contracts and chattel mortgages are designed to protect good faith subsequent purchasers and mortgagees and should be strictly construed to effect this purpose. The burden of filing a legally sufficient copy of a conditional sales contract or of a chattel mortgage rests upon the vendor or the mortgagee, as the case may be. *Lawin v Pepe*, 231 M 561, 43 NW(2d) 804.

A contract for the sale of gypsum contained a provision that if the seller's cost of production for any 12-month period should increase five percent above its average cost of production for the preceding 12-month period, the seller could increase the price in an amount not to exceed the actual advance in the cost of manufacture as shown by the seller's books of account. This provision was not invalid for uncertainty. *Pacific Portland Cement Co. v Westvaco Corp.*, 77 F(Supp) 406.

Under patent license agreement providing that the licenses therein granted should be nontransferable except to a corporation organized and controlled by the licensee, or except to the licensee's heirs or legal representatives, the licensee could have organized a corporation and could have assigned the license rights to it; but the heirs did not possess the same rights as the licensee and, although they might personally enjoy the license, their use was subject to the limitations imposed by the agreement. *Rock-Ola Corp. v Filben*, 168 F(2d) 919.

Defendant's orders, given to a traveling salesman of plaintiff's agent, for purchase of plaintiff's soybean oil meal to be shipped on specified dates was an offer to buy, and plaintiff's counter proposition reciting different dates was a rejection of such offer but constituted a counter offer to sell which put an end to the negotiations. Plaintiff could not thereafter create a binding contract by accepting defendant's original offer. *Staley v Northern Cooperatives*, 168 F(2d) 892.

Conditional sales contracts which are void as to creditors because of non-compliance with the recording statutes are also void as to the conditional buyer's trustee in bankruptcy. *Re Haskvitz*, 104 F(Supp) 173.

511.19 RETAKING OF POSSESSION

NOTE: See section 574.36 as to the retaking of a motor vehicle.

Waiver of defense clause as precluding the defense of fraud in an action by an assignee. 37 MLR 206.

511.195 SALE OF REPOSSESSED MOTOR VEHICLES

Buyers rights, after repossession, relating to damages to property. 17 MLR 103.

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FILINGS

511.20 REGISTER OF DEEDS TO ACCEPT FILINGS; NOTICE; EXCEPTIONS; CONDITIONAL SALES

Validity of a trust enduring longer than the statutory period of suspension of the powers of alienation where the trustee has implied power of sale. 35 MLR 617.

Under Minnesota law, a conditional sales contract on property located in a municipality which was not a city of the first class was properly recorded in the office of register of deeds of the county in which the property had its situs, and such recordation was notice to the trustee in bankruptcy. Re Haskvitz, 104 F(Supp) 173.

Where the conditional sales contract is followed by an absolute bill of sale giving the buyer absolute title, there is no basis for criminal prosecution for removing the mortgaged property. The later bill of sale operated to wipe out the first one. OAG Dec. 3, 1948 (133-B-59).

511.21 FILING; FEES

HISTORY. 1915 c 364 s 2; 1935 c 168 s 1; 1949 c 504 s 1.

A register of deeds is entitled to a fee of 35 cents for filing a chattel mortgage and an equal charge for filing the satisfaction. OAG June 8, 1949 (373-B-10-C).

511.261-511.263 Repealed, 1953 c 721 s 13.

AIRCRAFT

511.264 AIRCRAFT, EVIDENCE OF TITLE OWNERSHIP

HISTORY. 1953 c 721 s 1.

511.265 AIRCRAFT, EVIDENCE OF LIEN INTEREST

HISTORY. 1953 c 721 s 2.

511.266 FILING OF TRUE COPY, AFFIDAVIT

HISTORY. 1953 c 721 s 3.

511.267 NONRESIDENT TITLE OWNER

HISTORY. 1953 c 721 s 4.

511.268 NECESSITY OF RECORDATION

HISTORY. 1953 c 721 s 5.

511.269 EFFECT OF RECORDATION, AIRCRAFT AS CHATTELS

HISTORY. 1953 c 721 s 6.

511.27 Renumbered 511.121.

511.271 RECORDS, KEPT BY COMMISSIONER OF AERONAUTICS

HISTORY. 1953 c 721 s 7.

511.272 FEES FOR RECORDATION

HISTORY. 1953 c 721 s 8.

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511.273 INSPECTION OF RECORDS

HISTORY. 1953 c 721 s 9.

511.274 ABANDONED AIRCRAFT

HISTORY. 1953 c 721 s 10.

511.275 LIMITATION OF APPLICATION

HISTORY. 1953 c 721 s 12.

SEED GRAIN LOANS

511.29 SEED GRAIN LOANS; AGREEMENT, CONTRACT

HISTORY. 1875 c 93 s 1; GS 1878 c 39 s 21; GS 1894 s 4155; 1897 c 292 s 21; RL 1905 s 3479; GS 1913 s 6994; 1923 c 48 s 1.

511.31 LIENOR MAY TAKE POSSESSION

HISTORY. 1875 c 93 s 3; GS 1878 c 39 s 23; 1883 c 38 s 3; GS 1878 Vol 2 (1888 Supp) c 39 s 23; GS 1894 s 4157; 1897 c 292 s 23; RL 1905 s 3481; GS 1913 s 6996.

511.32 CHATTEL MORTGAGE PROVISIONS, HOW APPLICABLE

HISTORY. 1875 c 93 s 4; GS 1878 c 39 s 24; 1883 c 38 s 4; GS 1878 Vol 2 (1888 Supp) c 39 s 24; GS 1894 s 4158; 1897 c 292 s 24; RL 1905 s 3482; GS 1913 s 6997.

CHAPTER 512

SALES OF GOODS

FORMATION OF THE CONTRACT

512.01 CONTRACTS TO SELL AND SALES

A contract for the sale of gypsum contained a provision that if the seller's cost of production for any 12-month period should increase five percent above its average cost of production for the preceding 12-month period, the seller could increase the price in an amount not to exceed the actual advance in the cost of manufacture as shown by the seller's books of account. This provision was not invalid for uncertainty. *Pacific Portland Cement Co. v Westvaco Corp.*, 77 F(Supp) 406.

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