

Rural Credit

CHAPTER 41

CONSERVATOR OF RURAL CREDIT

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41.01 DEFINITIONS. Subdivision 1. **Terms.** Unless the language or context clearly indicates that a different meaning is intended, the following terms, for the purposes of this chapter, shall be given the meanings ascribed to them.

Subd. 2. **Department.** "Department" means the department of rural credit.

Subd. 3. **Conservator.** "Conservator" means the conservator of rural credit.

Subd. 4. **Bond, certificate of indebtedness, tax levy certificate.** "Bond," "certificate of indebtedness," and "tax levy certificate" include all such evidences of indebtedness issued under authority of this chapter, whenever issued.

Subd. 5. **Loan.** "Loan" means loans made by the state under authority of this chapter.

Subd. 6. **Mortgage.** "Mortgage" means mortgages taken by the state to secure loans made by the state under authority of this chapter.

[1923 c 225 s 1; 1933 c 429 s 1] (6030)

41.02 DEPARTMENT OF RURAL CREDIT. Subdivision 1. **Commissioner of banks ex officio conservator.** The department of rural credit shall hereafter be known as the conservator of rural credit and shall consist of a single member. The commissioner of banks shall be ex-officio the conservator of rural credit and shall exercise all powers now or heretofore vested in and perform all duties now or heretofore imposed upon the conservator of rural credit. He shall, before entering upon his duties, give to the state such additional bond, if any, as the governor may, at any time, determine to be necessary, to indemnify the state against loss, which bond shall be conditioned, approved, and filed as now provided by law.

Subd. 2. **Powers imposed on conservator.** All the rights, powers, and duties which, prior to the passage of Laws 1925, Chapter 426, were by law vested in or imposed upon the Minnesota Rural Credit Bureau and which were, by Laws 1925, Chapter 426, vested in and imposed upon the Department of Rural Credit, are hereby vested in and imposed upon the conservator of rural credit.

Subd. 3. **"Department" means "conservator."** Wherever the word "department" is used in sections 41.03 to 41.40 it means "conservator."

[1923 c 225 s 2; 1925 c 426 art 15 s 1; 1933 c 429 s 2; 1943 c 374 s 1; 1947 c 278 s 1; 1969 c 282 s 1] (53-41, 6031)

41.03 POWERS OF ORGANIZATION. Subdivision 1. **Appointment of employees.** The conservator shall have the power to appoint such assistants, clerks, laborers, and other employees as are actually necessary for the conduct of the business of the department, to fix all fees, costs, and charges incident to the administration of this chapter, and to define the duties of the officers, agents, and employees of the department; and all such officers, agents, and employees shall be under the direction and authority of the conservator in all matters not inconsistent with the provisions of this chapter, and shall give such bonds for the faithful performance of their duties as he may require. He shall exercise strict economy in the operation and administration of the department.

Subd. 2. **Consolidation and regulation.** Notwithstanding any provisions of the law to the contrary, the conservator shall have the power to order, regulate, consolidate, eliminate, or redistribute the functions of any division or any activity in the department.

Subd. 3. **Retention of employees.** When Laws 1947, Chapter 278, becomes effective the commissioner of banks as conservator shall be required to retain all employees of the conservator necessary to the efficient conduct of the business of the rural credit department at the same classification and salary they had at the effective date of Laws 1947, Chapter 278, and all such employees not so retained shall be forthwith placed on the departmental reemployment register for their respective classes in the banking division of the department of commerce and on the state-wide re-employment register for their respective classes for certification from said register in accordance with the civil service laws and the rules of the department of civil service.

Subd. 4. **Disposition of equipment.** Upon the effective date of Laws 1947, Chapter 278, the conservator shall transfer to the commissioner of administration, in this subdivision termed "the commissioner," the furniture, office equipment, and other personal property coming into his possession, except such office equipment, stationery, and supplies as may be necessary for his use in the performance of his duties under this chapter, for disposition by the commissioner. The commissioner is authorized to sell the personal property transferred to him, or to transfer it or any part of it to other state departments or agencies, the proceeds of any sales to be deposited in the rural credit fund and credit to be given that fund for the price at which any of that property is transferred to any other state departments or agencies.

[1923 c. 225 s. 3; 1933 c. 429 s. 3; 1947 c. 278 s. 2] (6032)

41.04 CONSERVATOR; POWERS, DUTIES. Subdivision 1. **Powers.** The conservator shall have power:

(1) To adopt such rules and regulations as may be necessary for the proper conduct of the business of the department;

(2) To issue certificates of indebtedness and tax levy certificates subject to the limitations of this chapter;

(3) In the name of the state to acquire, own, hold, lease, sell, and convey such property, real, personal, or mixed, as may be necessary, convenient, and proper for the transaction of the business of the department; but such property shall be taken by him only in payment of pre-existing debts owing the state;

(4) To sell, grant, and convey the fee simple title or any easement over land acquired by the state upon such terms as he shall deem advisable;

(5) To insure buildings and structures upon any such mortgaged property acquired by the state against loss by fire, tornado, windstorm or hail, in any insurance company or association, however organized, authorized to do business in this state, and to pay the premiums, assessments, and dues thereby accruing; and to make such repairs and improvements upon the property as are essential to the operation and preservation thereof;

(6) To do all things that may be necessary to liquidate the affairs and assets of the Department of Rural Credit.

(7) In all matters arising under Laws 1933, Chapter 429, the state may sue and be sued as a natural person.

Subd. 2. **Duties.** It shall be the duty of the conservator:

(1) To diligently collect all moneys due the state under this chapter and to sell all property acquired by it but subject to the limitations herein provided, with a view to the complete and speedy liquidation of the business of the department;

(2) To keep such books and records as are necessary for the conduct of the business of the department and to keep in his custody all promissory notes, mortgages, securities, evidences of indebtedness, muniments of title, and all other papers, records, and instruments of every kind now in the possession of or hereafter received or acquired by the department;

(3) To promptly meet all obligations of the department to the end that no default shall occur in the payment of principal or interest on its bonds or certificates;

(4) To submit an annual report to the governor.

[1923 c 225 s 4; 1925 c 270; 1933 c 429 s 4; 1935 c 298; 1937 c 469 s 1; 1947 c 278 s 3; 1951 c 68 s 1] (6033)

41.041 [Repealed, 1951 c 68 s. 6]

41.05 TITLE TO PROPERTY ACQUIRED VESTED IN STATE. The conservator may, in the name of the state, acquire, own, hold, lease, sell, and convey such property, real, personal, or mixed, as may be necessary, convenient, and proper for the transaction of the business of the department; and to effect the sale of this property may, in his discretion, engage the services of brokers or agents to sell real estate and pay a commission for services so rendered of not to exceed three per cent of the sale price covering such real estate; provided, that at least 25 percent of the purchase price is paid when possession thereof is given to the purchaser under the terms of the sale and of not to exceed four percent of the sale price covering such real estate; provided, that at least 40 percent of the purchase price is paid when possession thereof is given to the purchaser under the terms of the sale. No commission shall be paid unless a sale is actually effected by the agent.

[1939 c 309 s 1; 1941 c 287 s 1] (6033-1)

41.06 SEAL. The conservator shall provide himself with and keep a seal. The design of this seal shall be as follows: a circle within which shall appear the word "seal." Between the lower and upper halves of the circle, properly divided, shall appear the words "Department of Rural Credit, State of Minnesota."

[1923 c. 225 s. 5; 1929 c. 421 s. 1; 1933 c. 429 s. 5] (6034)

41.07 FUNDS, DISBURSEMENT. All moneys of the department shall be paid into the state treasury and credited to a rural credit fund and disbursed by direction of the conservator in the same manner as other state funds are disbursed.

[1923 c 225 s 7; 1925 c 244 s 1; 1933 c 429 s 6; 1951 c 68 s 2] (6036)

41.08 MORTGAGES. Subdivision 1. **Assumption of mortgage; acceleration.** In case of the sale of the mortgaged land, the conservator may permit the mortgage of the vendor to be assumed by the purchaser or by the heirs of the deceased mortgagor. In case the mortgagor shall vacate or cease to occupy and use in good faith for the purposes specified in this chapter the mortgaged land, without written permission of the conservator, and the security thereby is impaired, the conservator may, at his option, declare the whole amount of the loan thereon to be due and payable; provided, there is a default in payment according to the terms of the loan or failure of payment of taxes on the land mortgaged.

Subd. 2. Interest, insurance, taxes, and repairs. Every borrower shall pay simple interest on defaulted payments at the rate of seven per cent per annum, and by express covenant in his mortgage deed shall pay, when due, all taxes, liens, judgments, assessments, and insurance which may be lawfully assessed against the mortgaged land; and by this covenant shall agree to insure, and keep insured, against fire and the elements in any insurance company or association, however organized, authorized to do business in this state, to the satisfaction of the conservator, all buildings the value of which was a factor in determining the amount of the loan. Insurance shall be made payable to the mortgagee, as its interest may appear at the time of loss; and, at the option of the mortgagor and subject to the general regulations of the department, sums so received may be used to pay for reconstruction of the buildings destroyed. Taxes, judgments, assessments, and other liens affecting the security of the mortgage and not paid when due may be paid by the mortgagee at the option of the conservator; and, when any buildings shall not be insured or kept insured, as aforesaid, the conservator, at his option, may obtain this insurance and pay the cost thereof and any payments by the department for any of these purposes shall thereupon become a part of the debt secured by the mortgage and bear simple interest at the rate of seven percent per annum. The disbursements under this section prior to the date when the state acquires title to the real estate covered by mortgage under foreclosure proceedings, or by deed in lieu of foreclosure proceedings, shall be paid from the rural credit fund, and

all disbursements in connection with the real estate after that date shall be paid from the rural credit expense fund. Disbursements for building and other improvements of a permanent nature shall be paid from the rural credit fund.

Subd. 3. Impairment. No loan or mortgage securing same shall be impaired or invalidated by reason of any act of any agent of the department in excess of his powers herein granted or in any limitation thereon or in excess of the powers granted by the conservator.

[1923 c. 225 s. 9; 1925 c. 244 s. 2; 1925 c. 226 s. 2; 1929 c. 241 s. 2; 1933 c. 429 s. 7] (6038)

41.09 SATISFACTION OF MORTGAGES. When the mortgagor or his successor in interest has fully paid any mortgage it shall be the duty of the conservator to furnish him with a proper release or satisfaction of the mortgage executed in the name of the state by him and attested by his official seal and the mortgage papers belonging to the loan, including abstract of title and insurance policies assigned, shall be returned to such person. Upon payment of any sum by a borrower under the provisions of this chapter, the conservator shall furnish the payer with a receipt showing the nature of the payment, the date on which interest was paid, and the balance of the principal remaining unpaid.

[1923 c. 225 s. 10; 1933 c. 429 s. 8; 1935 c. 367 s. 1] (6039)

41.10 COMPOSITION WITH MORTGAGORS. When the conservator is of the opinion that real estate held as security by the state is worth less than the amount due on the indebtedness secured by the same, and the conservator is able to liquidate the indebtedness by a satisfactory cash settlement, and when the conservator is of the opinion that the real estate so sold by the state is worth less than the amount then due thereon and is of the opinion that the amount offered in payment by the contract vendee is commensurate with the then value of the real estate, he may enter into an amended contract for the sale of such land to such purchaser, upon the payment by the purchaser of not less than 25 percent of such compromised purchase price, the balance thereof to be amortized over a period of not to exceed five years.

[1935 c. 367 s. 1; 1941 c. 308; 1951 c. 68 s. 3] (6039-1)

41.101 [Repealed, 1951 c. 68 s. 6]

41.11 CHATTEL MORTGAGE ON CROPS; DEFAULT. If the mortgagor cannot liquidate his indebtedness by a cash settlement, and the conservator shall determine that the current earnings of a certain tract of land held as security by the state of Minnesota, the major portion of which is in productive land, are not sufficient to maintain the farm and to liquidate the annual taxes, interest, and insurance charges, then and in such case the conservator may, in his discretion, enter into an agreement with the borrower for a period of not to exceed five years, whereby the borrower agrees to turn over to the conservator and the conservator agrees to accept, in liquidation of the borrower's annual instalments of interest and principal, one-third of all crops raised on the premises during the crop year during which the interest and principal instalments will be due; and, in addition, the borrower shall agree to pay the real estate taxes duly levied and assessed against the premises during that year and keep the premises in repair and fully insured against fire and tornadoes; and, upon a full and complete accounting and delivery by the borrower to the conservator, at a place designated by the conservator, of one-third of the annual crops so raised on the premises, the conservator shall apply the amount so received in the following manner:

- (1) To the payment of interest, as far as possible;
- (2) The remainder to the payment of principal; and
- (3) Should there be a surplus remaining after the distribution hereinbefore provided, then the surplus shall be applied to the liquidation of the instalments of principal to become due in the future; provided, that if the proceeds of the sale of one-third of the crop so delivered to the conservator shall be insufficient to pay the amount of interest, the conservator shall deliver a receipt in full for the amount of interest then due during that year, but the conservator shall not give a receipt for any principal sums due except as actually paid by the borrower.

These payments shall all be secured by a chattel mortgage on the entire crop, but the conservator is authorized, when he deems it necessary, in the interests of the borrower, to permit the borrower to use such portion of the crop so mortgaged to the state of Minnesota, as may be necessary for seed and feed.

Should the borrower fail or neglect to keep premises in repair or pay the taxes or insurance premiums on the premises whenever the same become due, or should he fail or neglect to promptly make and furnish to the conservator a full and complete accounting, or fail or neglect to promptly turn over to the conservator the one-third of all crops so raised on the premises, as hereinbefore provided for, then the agreement shall automatically become null and void without any further action on the part of the conservator. Upon application, in writing, by the borrower, and for good cause shown, the conservator is authorized to reinstate the contract; provided the application is made by the borrower within 30 days after notice of default is forwarded to him by the conservator by registered letter.

[1935 c. 367 s. 1] (6039-2)

41.12 TITLE TO PROPERTY TO RUN TO STATE. Subdivision 1. Vested. The title to all property taken by the department shall run to the state of Minnesota.

Subd. 2. Sales. The property, real, personal, and mixed, acquired by the department, shall be sold by the conservator at its fair value at time of sale, in such manner and on such terms as may be provided by the regulations adopted by him.

Subd. 3. Execution of contracts. All contracts for the sale of property and all conveyances thereof shall be executed in the name of the state by the conservator and attested by his official seal, and all mortgages or other security taken in connection therewith shall run to the State of Minnesota.

Subd. 4. [Repealed, 1951 c 68 s 6]

[1923 c 225 s 11; 1925 c 244 s 3; 1933 c 429 s 9; 1935 c 367 s 2; 1941 c 289; 1947 c 278 s 5; 1951 c 68 s 4, 6] (6040)

41.13 [Repealed, 1951 c 68 s 6]

41.14 CERTIFICATES OF INDEBTEDNESS. Certificates of indebtedness and tax levy certificates provided for in this chapter shall be issued in such denominations, mature at such times and be sold and redeemed in such manner as the conservator shall determine and the conservator shall have full authority to prescribe such other rules and regulations as may be necessary or advisable in connection with the issuance of these certificates. Certificates of indebtedness shall be issued only when there is insufficient money in the rural credit fund available for the payment of the principal of, or in the rural credit interest fund available for the payment of interest upon, outstanding bonds or certificates when due, and the issuance of certificates of indebtedness shall be limited to an amount sufficient to cover these deficiencies. The conservator may refund any outstanding certificates of indebtedness at maturity, subject to the limitations hereof. All certificates shall be sold upon competitive bids, after proper notice, unless they are sold to the state's trust funds. Certificates issued by the conservator shall designate on their face the purpose for which they are issued, shall be signed by the conservator in behalf of the department, attested by the secretary of state, be in such form as shall be approved by the attorney general, and bind the state to pay the same according to the terms thereof. Facsimile signatures of the conservator and secretary of state shall be sufficient upon interest coupons. Before issuance, all certificates to be issued by the department shall be presented to the state auditor, who shall make a record showing the number, amount, date of issue, and date of maturity of each certificate, and the auditor or his deputy shall certify thereon that this record has been made. If at any time there is insufficient money in the rural credit fund to pay any bonds or certificates of indebtedness at maturity, or in the rural credit interest fund to pay the interest upon bonds or certificates when due, and which cannot otherwise be paid under the limitations of this chapter, the department shall issue its tax levy certificates in an amount sufficient to cover these deficiencies, but no tax levy certificates shall be issued unless and until, by reason of the condition of the securities market or for other valid reasons, the department is unable to sell its certificates of indebtedness in amounts sufficient to cover these deficiencies. These tax levy certificates shall mature at the earliest practicable date and be sold in the same manner as other certificates issued by the department. Upon the issuance of these tax levy certificates, the department shall certify the amount thereof and the maturity dates to the state auditor, who shall thereupon make a tax levy against all the taxable property of the state, in the same manner as other taxes are levied, in an amount sufficient to pay these certificates at maturity, together with interest thereon. The moneys derived from this tax levy shall be credited to the appropriate funds and applied to the payment of the deficiencies on account of which they were issued. Payment of interest falling due upon these

certificates prior to the collection of the tax levy shall be made from the rural credit interest fund. The conservator may direct the state auditor to cancel any tax levy prior to the date of certifying same to the several county auditors, if money is available in the proper funds for the payment of these tax levy certificates. If a tax is ordered canceled subsequent to the issuance of tax levy certificates, a sum necessary to pay these certificates at maturity shall be set aside from any available money in the proper funds, and this sum shall be used for no other purpose. These certificates may be redeemed before maturity by consent of the holders thereof. If a tax levy is canceled, interest upon outstanding tax levy certificates shall be paid from the rural credit interest fund. After the issuance of tax levy certificates and the levy of the tax to pay these tax levy certificates, the department shall, from the first money available in the proper funds, after provision has been made for the payment of principal and interest on outstanding bonds and certificates of indebtedness, repay the state the amount of money received by it from the sale of tax levy certificates, with interest at four percent from the date when interest started to run upon these certificates. Partial payments may be made upon this amount, from time to time, as funds become available. This repayment shall be credited to the revenue fund, if there are no outstanding tax levy certificates, otherwise the payment shall be credited to a tax levy certificate fund and be available for the payment of outstanding tax levy certificates or interest thereon. The state auditor shall credit all taxes collected under the provisions of this section to the tax levy certificate fund and all tax levy certificates and interest thereon shall be paid therefrom. Any surplus remaining after the payment of all outstanding tax levy certificates shall be transferred to the revenue fund.

The conservator shall first offer to the state board of investment any certificates issued by him and this board is requested, but not directed, to purchase these certificates.

[1923 c. 225 s. 12; 1925 c. 244 s. 4; 1929 c. 421 s. 3; 1933 c. 429 s. 10] (6041)

41.15 ADMINISTRATIVE EXPENSES. The conservator may authorize the state board of investment to invest, for short periods, any temporary cash surplus in the rural credit fund, the investment to be restricted to United States Government or State of Minnesota obligations. If at any time a surplus shall accrue in the rural credit fund the conservator may invest the surplus in obligations of the United States Government or the State of Minnesota. Any securities purchased by the board of investment with any money in the rural credit fund, as herein provided, shall be sold at the request of the conservator. All interest thereby earned shall be credited to the rural credit fund.

[1923 c. 225 s. 16; 1925 c. 244 s. 6; 1933 c. 429 s. 11; 1941 c. 288; 1951 c. 68 s. 5] (6045)

41.16 ALL PROPERTY EXEMPT FROM TAXATION. All mortgages, real estate, and other property owned and held by the department in its business of loaning and all certificates or bonds issued by the department in the transaction of the business shall be free from all general taxes, state, county, and municipal, and shall not be subject to state income tax. These mortgages shall be exempt from any registration tax.

[1923 c. 225 s. 19; 1933 c. 429 s. 13] (6048)

41.17 FORECLOSURE. Any foreclosure of any of the mortgages provided for by this chapter shall be made in the usual manner, either by action or by advertisement, as the conservator may direct, but it shall not be necessary to record any power of attorney; and the conservator, or an employee of the department designated by him, may act in lieu of an attorney in foreclosures by advertisement. When default shall exist in the payment of amortized instalments of principal and interest, or either thereof, the conservator, if he shall determine that the best interests of the state so require, may take and accept crop or chattel mortgage security, or both, in lieu of present foreclosure. The conservator, at his option, may take and accept deed to the mortgaged lands in lieu of foreclosure. All deeds which may have been heretofore so taken and accepted are hereby legalized and confirmed. In case of foreclosure the costs and expenses that are now or may hereafter be provided by law, in the foreclosure of real estate mortgages, may be taxed in the foreclosure of any mortgage in like manner and to the same effect as if the State of Minnesota were a natural person, but no attorney's fee shall be collected upon any such foreclosure.

[1923 c. 225 s. 20; 1929 c. 421 s. 4; 1933 c. 429 s. 14] (6049)

41.18 DEFICIENCY JUDGMENTS PROHIBITED. The department is hereby directed, in case of foreclosure of any real estate mortgage acquired by the state through the operations of the department, to bid the full amount due the state at any mortgage foreclosure sale. No judgment shall be taken by the state for any deficiency remaining unpaid upon the debt secured by such a mortgage after foreclosure.

[1933 c. 247] (6049-1)

41.19 EXTENSION OF PAYMENTS ON MORTGAGES. Any owner of real estate, on which the State of Minnesota, Department of Rural Credit, holds a mortgage, may make verified application to the conservator asking that the department refrain from the collection of instalments now past due, but in no event until after the instalment or instalments shall have become due, on the mortgage, taxes, and insurance theretofore advanced and paid on the premises by the state. This application shall set out that the owner of the real estate is unable to pay the instalment or instalments then due on the principal and interest of the mortgage without becoming delinquent in the payment of taxes; that the applicant will pay the taxes and insurance then due and owing or thereafter to become due during the extended period, on the real estate, and the instalments thereafter to become due in accordance with the terms of the mortgage; that the applicant will not commit or permit waste or deterioration on the premises; that the applicant will annually execute and deliver to the department a first mortgage on all of the crops to be raised and harvested on the premises, and furnish the department promptly with a full and complete report of all crops raised by him so secured by the mortgage, until there shall be no further amount unpaid which shall have become past due, or which shall have been extended, on the mortgage; and that, if the applicant fails to pay the taxes, insurance, and instalments then due or thereafter to become due, or commits or permits waste or deterioration, or fails to execute and deliver the crop mortgage and crop report, then and in that case the department shall not be bound by the terms of any extension granted and may pursue its remedies under the mortgage as though no extension had been granted; and the applicant shall state such other facts as the department shall deem advisable.

Upon the filing of the application, the department shall cause investigation to be made and, if the facts, as stated in the application, shall be found to be true, the conservator may grant the application and refrain from the collection of past due instalments on the principal and interest of the mortgage, taxes, and insurance theretofore advanced or paid by the state extend the time for the payment thereof, and waive payment of interest on those portions of the instalment or instalments which constitute interest, from the date of the application, as long as the applicant shall comply with the terms of the extension granted and promptly make payments, as extended, when due.

The conservator shall have the right, in any case where he considers it necessary, in the interest of the applicant, upon application from him, to permit the applicant to use such portion of any crop mortgaged to the state, as the conservator shall consider necessary, for seed and feed purposes.

[1933 c. 403 s. 1; 1935 c. 341 s. 1] (6049-2)

41.20 [Repealed, 1951 c 68 s 6]

41.21 PAYMENT OF UNPAID INSTALMENTS, TAXES, AND INSURANCE. The unpaid instalments, taxes, and insurance advanced or paid by the state, which may be extended, shall be paid by prorating and adding the same to instalments due after November 1, 1937.

[1933 c. 403 s. 3; 1935 c. 341 s. 3] (6049-4)

41.22 INTEREST, WHEN WAIVED. From and after the passage and approval of sections 41.19, 41.21 and 41.22, interest to be paid by every borrower of the department on defaulted instalments of interest, which have not been hereinbefore provided for, may be waived for a period of not to exceed one year. This interest shall not be waived unless the borrower, at the time the instalments became delinquent, or immediately thereafter, makes an application to the department requesting that the interest be waived and offering to furnish the department with a first mortgage on the crops to be raised on the premises secured by the real estate mortgage held by the State of Minnesota, during the year following the date the application is made. In such case the department shall charge interest during that year at the

rate of five and one-fourth percent per annum on all delinquent instalments of principal, and at the rate of five and one-fourth percent on all moneys advanced by the department for the payment of taxes and insurance premiums.

The conservator shall have the right, in any case where he considers it necessary, in the interest of the applicant, upon application from him, to permit the applicant to use such portion of any crop mortgage to the state, as the conservator shall consider necessary, for seed and feed purposes.

[1935 c. 341 s. 4] (6049-5)

41.23 RATE OF INTEREST ON MORTGAGES AND CONTRACTS FOR DEED.

The rate of interest on all outstanding mortgages and contracts for deed held by the department is hereby reduced to four percent per annum from and after the adoption of sections 41.23 to 41.25. The conservator is authorized and directed to rewrite present outstanding mortgages or contracts for deed or make proper endorsement thereon to give effect to this reduction in interest rate, and in rewriting the same or in making endorsements thereon shall add to the principal thereof any delinquent interest so that this rate of interest shall apply to the total thereof.

[1937 c. 465 s. 1; *Ex.* 1937 c. 17 s. 1] (6049-6)

41.24 RATE OF INTEREST ON DEFAULTED PAYMENTS. The rate of interest on defaulted payments on mortgages or contracts for deed held by the department shall be five percent per annum from the date of default.

[1937 c. 465 s. 2; *Ex.* 1937 c. 17 s. 2] (6049-7)

41.25 RATE OF INTEREST ON TAXES, LIENS, JUDGMENTS, ASSESSMENTS, OR INSURANCE PAID. The rate of interest on taxes, liens, judgments, assessments, or insurance paid by the department, or the conservator thereof, on any lands against which the department holds mortgages or contracts for deed shall be five per cent per annum.

All statutes prescribing any different rate of interest for these mortgages, contracts, taxes, liens, judgments, assessments, or insurance are hereby amended to conform herewith; provided, that sections 41.09 to 41.12 shall remain in full force and effect.

[1937 c. 465 ss. 3, 4; *Ex.* 1937 c. 17 ss. 3, 4] (6049-8, 6049-9)

41.26 [Repealed, 1951 c 68 s 6]

41.27 INTEREST ON DEPOSITS. Interest shall be allowed upon any moneys in the funds of the department at the rate received by the state from its depositories. The conservator shall have authority to determine the amount of moneys in the department funds which shall be kept in active depositories and the amount in inactive depositories. As soon as practicable after the state has collected interest for any stated period, the state treasurer shall credit to the interest fund the amount of interest due and make a statement thereof to the department.

[1923 c. 225 s. 21; 1925 c. 244 s. 8; 1933 c. 429 s. 15] (6050)

41.28 CHARGE FOR CERTAIN CLERICAL ASSISTANTS. If it shall become necessary to employ additional clerical assistance in the office of the state auditor or the state treasurer by reason of the additional duties imposed upon these offices by this chapter, the actual expense thereof shall be charged to, and be borne by, the department in such amounts as, from time to time, may be ascertained and certified, in writing, by these officers and approved by the conservator.

[1923 c. 225 s. 22; 1933 c. 429 s. 16] (6051)

41.29 SURETY BONDS. When a bond or undertaking is required by this chapter, or by the conservator, to be given, it shall be held to mean a surety bond furnished by a surety company authorized and qualified to do business in this state. These bonds shall run to the State of Minnesota, shall be, as nearly as applicable, in the form prescribed by the laws of this state and the form thereof shall be approved by the attorney general.

[1923 c. 225 s. 23; 1933 c. 429 s. 17] (6052)

41.30 COST OF SURETY BONDS. The cost of surety bonds provided by this chapter, furnished by the officers or employees of the department, shall be a part of the general expense of administration and paid by the department.

[1923 c. 225 s. 24; 1933 c. 429 s. 18] (6053)

41.31 SUMS REAPPROPRIATED. Any sums received and paid into the state treasury under any of the provisions of this chapter are hereby appropriated and made available for disbursement for the purposes and in the manner provided herein.

[1923 c. 225 s. 26; 1933 c. 429 s. 19] (6055)

41.32 APPLICATION. All rights and obligations heretofore arising, vested, or accrued under the provisions of Laws 1923, Chapter 225, or any amendment thereof, or under Laws 1931, Chapters 148 and 245, and all remedies for the enforcement thereof, shall remain unimpaired and are hereby confirmed.

[1933 c. 429 s. 20] (6057½)

41.33 APPROPRIATION FOR DEFICIENCIES IN RURAL CREDIT FUND. There is hereby appropriated the sum of \$40,000,000 for (a) discharging deficiencies in the rural credit fund and rural credit interest fund occurring by reason of moneys therein being insufficient to pay principal and interest payable therefrom as such principal and interest fall due on bonds and certificates of indebtedness heretofore issued or hereafter to be issued pursuant to Laws 1923, Chapter 225, and acts amendatory thereof, which appropriation is hereby made available in such amounts and at such times as may be necessary for discharging such deficiencies as such payments fall due; and (b) for the payment of interest on certificates of indebtedness issued pursuant to Laws 1941, Chapter 463; to be disbursed in the manner provided by law.

[1941 c. 463 s. 1]

41.34 TAX LEVY. For the purpose of providing the funds appropriated by section 41.33, there is hereby levied upon all the taxable property in this state a tax sufficient to produce \$40,000,000, which the state auditor is hereby authorized and directed to cause to be extended and collected in the manner in which other state taxes are extended and collected, to be included in the levies spread upon the tax rolls for the years 1942 to 1965, inclusive, in amounts sufficient to produce the sum of \$1,500,000 in each of the years 1943 to 1966, inclusive, plus additional amounts sufficient to produce such sums as may be necessary to pay the interest upon certificates of indebtedness issued pursuant to the provisions of Laws 1941, Chapter 463. In case of a deficiency in the proceeds of such tax levy for any year, the auditor shall levy sufficient additional amounts in succeeding years to compensate therefor until the full amount herein authorized has been raised.

[1941 c. 463, s. 2; 1943 c. 439 s. 1]

41.35 [Repealed, 1951 c 68 s 6]

41.36 CERTIFICATES OF INDEBTEDNESS. The conservator of rural credit, with the approval of the executive council, is hereby authorized, in anticipation of the collection of the taxes specified in section 41.34, to issue and sell certificates of indebtedness in the amount and subject to the limitations herein prescribed. Such certificates shall be known as rural credit deficiency fund certificate of indebtedness, and shall be issued only (a) when there is insufficient money in the rural credit fund or in the rural credit interest fund, as the case may be, to meet payments which are then due or about to become due and are required by law to be made therefrom for principal or interest on bonds or certificates of indebtedness and money then in the rural credit deficiency fund is not available or not sufficient for such purposes, or (b) when certificates previously issued pursuant hereto are due or about to become due or redeemable and sufficient moneys are not available in the rural credit deficiency fund for their payment. In either case, the amount of certificates so issued shall be limited to the amount of such deficiencies. Such certificates shall mature at such time or times during the years 1944 to 1967, inclusive, as the conservator of rural credit shall determine, with the approval of the executive council, provided that the aggregate principal amount maturing in any of said years shall not exceed \$1,350,000. All certificates maturing more than three years after their date must be made redeemable at par at the expiration of such three years and on each interest payment date thereafter, upon such notice, as the conservator of rural credit, with the approval of the executive council, shall determine prior to their issuance. Any certificates may similarly be made redeemable on any interest payment date prior to the expiration of such three years. Rural credit deficiency fund certificates of indebtedness shall bear such date of issue, be of such denominations, and the principal and semiannual interest thereon shall be payable at such place or places, as the conservator of rural credit shall determine, with the approval of the executive council. The conservator of rural credit, with approval of the executive council, may, prior to the issuance of certificates hereunder, prescribe in favor thereof such liens on, or priorities in payment from, the taxes anticipated thereby as may be found advisable. Certificates issued hereunder and interest thereon shall be payable from the rural credit deficiency fund created hereby, but if the moneys in such fund are not sufficient to pay the principal of or interest on

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such certificates as such principal or interest becomes due, there is hereby appropriated to the rural credit deficiency fund out of any money in the state treasury not otherwise appropriated such amounts as may be necessary to pay such deficiencies, and for the prompt payment of principal of and interest on certificates issued hereunder the full faith and credit of the state are hereby pledged. The certificates shall be in a form approved by the attorney general, shall bind the state to pay the same according to their terms, and shall be signed by the conservator of rural credit, attested by the secretary of state, and sealed with the great seal of the state, provided that facsimile signatures of the conservator of rural credit and secretary of state shall be sufficient upon interest coupons.

[1941 c. 463 s. 4; 1943 c. 439 s. 2]

41.37 STATE BOARD OF INVESTMENT MAY PURCHASE. Prior to the issuance of any rural credit deficiency fund certificates of indebtedness, the conservator of rural credit shall offer them to the state board of investment, without prior advertisement for bids, upon such terms as to interest rates and prices as the executive council shall prescribe after receiving the recommendations of the conservator of rural credit in respect thereto. The board is hereby authorized to invest any funds under its control in such certificates and is hereby requested, but not directed, to purchase all so offered to it, to the extent it has funds available therefor. In event the board shall decline to purchase any certificates so offered to it, they shall be sold at not less than par upon competitive sealed bids after at least two weeks' published notice. The conservator of rural credit, with approval of the executive council, shall have full authority to prescribe such rules and regulations in connection with such public sale, consistent with sections 41.33 to 41.39, as he may find necessary or advisable. Notwithstanding that the board shall have declined to purchase the certificates on the terms offered to it, the board may bid for their purchase upon such public sale, at such prices as the board deems advisable.

[1941 c. 463 s. 5]

41.38 STATE AUDITOR TO MAKE RECORDS. After the sale and before the delivery to the purchaser of certificates of indebtedness issued pursuant hereto, they shall be presented to the state auditor, who shall make a record showing the number, amount, date of issue, date of maturity, and interest rate of each certificate, and the state auditor or his deputy shall certify thereon that such record has been made, and after such certification the conservator of rural credit shall forthwith file with the commissioner of administration a statement showing the number, amount, date of issue, date of maturity, and interest rate of each of such certificates.

[1941 c. 463 s. 6]

41.39 SUPPLEMENTAL. The provisions of sections 41.33 to 41.39 are intended to be and shall be construed as supplemental to any and all provisions of law heretofore in force relating to the payment, funding, or refunding of rural credit bonds or rural credit certificates of indebtedness. To the extent that payment of principal or interest falling due on such bonds or certificates of indebtedness cannot be made from moneys in the respective funds from which such payments are provided by law to be made and cannot be made from proceeds of taxes levied pursuant to section 41.34 without anticipation thereof by the issuance of certificates of indebtedness hereunder, the conservator of rural credit may provide for such payments of any part thereof by the issuance of rural credit certificates of indebtedness in accordance with Laws 1923, Chapter 225, as amended. In event there shall be any moneys in or accruing to the rural credit fund or rural credit interest fund after full payment of all principal of and interest on bonds and certificates of indebtedness payable therefrom, (a) if there shall then be outstanding any rural credit deficiency fund certificates of indebtedness, such moneys shall be transferred to the rural credit deficiency fund to be used to pay such rural credit deficiency fund certificates of indebtedness, and thereupon tax levies directed by section 41.34 to be made which have not then been extended upon the tax rolls shall be reduced by amounts equal to the sum so transferred; but (b) if there are then no outstanding rural credit deficiency fund certificates of indebtedness, all of such tax levies which have not then been extended upon the tax rolls shall be canceled and the moneys in and accruing to the rural credit fund and rural credit interest fund shall be transferred to the revenue fund.

[1941 c. 463 s. 7]

41.40 PAYMENT FOR CERTAIN SERVICES. Payment is hereby authorized to the Bankers Trust Company of New York, New York, for services heretofore

rendered and to be hereafter rendered as paying agent for the State of Minnesota in the payment of rural credit bonds, rural credit certificates of indebtedness, trunk highway bonds and interest coupons on such bonds and certificates, commencing with such services rendered on and subsequent to January 1, 1942, such payment not to exceed one-tenth of one percent on the principal amount of such bonds and certificates of indebtedness so paid, and four cents for each interest coupon so paid. Such payment shall be made from the rural credit expense fund in the case of rural credit bonds, certificates and interest coupons, and from the trunk highway fund in the case of trunk highway bonds and interest coupons. The necessary sums are hereby appropriated from said funds, respectively.

[1943 c. 373 s. 1]

41.41 RURAL CREDIT FUND, APPROPRIATION FOR DEFICIENCIES.

There is hereby appropriated the sum of \$5,000,000 for discharging deficiencies in the rural credit fund and rural credit interest fund occurring by reason of moneys therein being insufficient to pay principal and interest payable therefrom as such principal and interest fall due on bonds and certificates of indebtedness heretofore issued or hereafter to be issued pursuant to Laws 1923, Chapter 225, and acts amendatory thereof, which appropriation is hereby made available in such amounts and at such times as may be necessary for discharging such deficiencies as such payments fall due, to be disbursed in the manner provided by law.

[1953 c 571 s 1]

41.42 TAX LEVY. For the purpose of providing the funds appropriated by sections 41.41 to 41.47, there is hereby levied upon all the taxable property in this state a tax sufficient to produce \$5,000,000 which the state auditor is hereby authorized and directed to cause to be extended and collected in the manner in which other state taxes are extended and collected, to be included in the levies spread upon the tax rolls for the years 1953 to 1962, inclusive, in amounts sufficient to produce the sum of \$500,000 in each of the years 1954 to 1963, inclusive, plus additional amounts sufficient to produce such sums as may be necessary to pay the interest upon certificates of indebtedness issued pursuant to the provisions of these sections. In case of a deficiency in the proceeds of such tax levy for any year, the auditor shall levy sufficient additional amounts in succeeding years to compensate therefor until the full amount herein authorized has been raised.

[1953 c 571 s 2]

41.43 SUPPLEMENTARY RURAL CREDIT DEFICIENCY FUND. The proceeds of such tax levies and of the sale of certificates of indebtedness issued under sections 41.41 to 41.47 shall be credited to a special fund to be known as the supplementary rural credit deficiency fund, which is hereby created. After any certificates of indebtedness have been issued hereunder, the state treasurer shall segregate and retain in the supplementary rural credit deficiency fund, out of the proceeds of the tax levies made pursuant to section 41.42, all thereof levied for the payment of interest on such certificates and as much as may be necessary of the levies specifically pledged for payment of the principal of the respective issues, and shall disburse the same only in payment of the principal of and interest on such certificates, and such moneys are hereby appropriated for such purposes. Any other moneys in said fund are hereby appropriated for and shall be transferred to the rural credit fund or the rural credit interest fund from time to time as needed to discharge the deficiencies mentioned in section 41.41. Any moneys remaining in said fund after full payment of all bonds and certificates of indebtedness issued pursuant to Laws 1923, Chapter 225, or amendments thereof, and all issued pursuant to sections 41.41 to 41.47, shall be transferred to the general fund.

[1953 c 571 s 3; 1969 c 399 s 1]

41.44 CERTIFICATES OF INDEBTEDNESS; ISSUANCE, SALE. Subdivision 1. The conservator of rural credit, with the approval of the executive council, is hereby authorized, in anticipation of the collection of the taxes specified in section 41.42, to issue and sell certificates of indebtedness in the amount and subject to the limitations herein prescribed. Such certificates shall be known as rural credit fund deficiency certificates of 1953, and shall be issued only when there is insufficient money in the rural credit fund or in the rural credit interest fund, as the case may be, to meet payments which are then due or about to become due and are required by law to be made therefrom for principal or interest on bonds or certificates of indebtedness and money then in the supplementary rural credit deficiency fund is not available or not sufficient for such purposes. In either case, the

amount of certificates so issued shall be limited to the amount of such deficiencies. Such certificates shall mature at such time or times during the years 1955 to 1964, inclusive, as the conservator of rural credit shall determine, with the approval of the executive council, provided that the aggregate principal amount maturing in any of said years shall not exceed \$500,000. All certificates maturing more than three years after their date must be made redeemable at par at the expiration of such three years and on each interest payment date thereafter, upon such notice, as the conservator of rural credit, with the approval of the executive council, shall determine prior to their issuance. Any certificates may similarly be made redeemable on any interest payment date prior to the expiration of such three years. Rural credit fund deficiency certificates of 1953 shall bear such date of issue, be of such denominations, and the principal and semiannual interest thereon shall be payable at such place or places, as the conservator of rural credit shall determine, with the approval of the executive council. The conservator of rural credit, with approval of the executive council, may, prior to the issuance of certificates hereunder, prescribe in favor thereof such liens on, or priorities in payment from, the taxes anticipated thereby as may be found advisable. Certificates issued hereunder and interest thereon shall be payable from the supplementary rural credit deficiency fund created hereby, but if the moneys in such fund are not sufficient to pay the principal of or interest on such certificates as such principal or interest become due, there is hereby appropriated to the supplementary rural credit deficiency fund out of any money in the state treasury not otherwise appropriated such amounts as may be necessary to pay such deficiencies, and for the prompt payment of principal of and interest on certificates issued hereunder the full faith and credit of the state are hereby pledged. The certificates shall be in a form approved by the attorney general, shall bind the state to pay the same according to their terms, and shall be signed by the conservator of rural credit, attested by the secretary of state, and sealed with the great seal of the state, provided that facsimile signatures of the conservator of rural credit and secretary of state shall be sufficient upon interest coupons.

Subd. 2. For the purpose of supplying deficiencies in the moneys in the supplementary rural credit deficiency fund needed for the payment of the principal of the certificates of indebtedness authorized by sections 41.41 to 41.47 and the interest thereon, the state auditor, pending the receipt of the proceeds of the taxes levied by these sections, shall transfer the amount of such deficiencies from the general fund in the state treasury to the supplementary rural credit deficiency fund and the moneys so required are hereby appropriated for the purposes of this provision. The state auditor shall promptly, from time to time as the proceeds of the taxes levied by these sections are received, transfer from the supplementary rural credit deficiency fund to the general fund sufficient moneys to reimburse the general fund for the moneys transferred from it and the moneys so required are appropriated for the purposes of this provision. The state auditor and the state treasurer are authorized and directed to make the appropriate entries in their records.

[1953 c 571 s 4; 1969 c 399 s 1]

41.45 PURCHASE OF CERTIFICATES BY STATE BOARD OF INVESTMENT. Subdivision 1. Prior to the issuance of any rural credit deficiency fund certificates of indebtedness, the conservator of rural credit shall offer them to the state board of investment, without prior advertisement for bids, upon such terms as to interest rates and prices as the executive council shall prescribe after receiving the recommendations of the conservator of rural credit in respect thereto. Said board is hereby authorized to invest any funds under its control in such certificates, notwithstanding any limitations imposed by Minnesota Statutes 1949, Section 11.10, and is hereby requested, but not directed, to purchase all so offered to it, to the extent it has funds available therefor.

Subd. 2. If the state board of investment does not purchase within ten days from the date of the offer thereof, all or part of the certificates of indebtedness offered to it, then, and only then, the certificates of indebtedness authorized in section 41.44 shall be sold at not less than par upon competitive sealed bids after at least two weeks published notice.

Subd. 3. The conservator of rural credit, with the approval of the executive council, and without complying with Minnesota Statutes 1949, Sections 15.041 to 15.044, shall have full authority to prescribe such rules and regulations in connec-

tion with such public sale, consistent with sections 41.41 to 41.47, as he may find necessary or advisable.

Subd. 4. Notwithstanding that the board shall have declined to purchase the certificates on the terms offered to it, the board may bid for their purchase upon such public sale, at such prices as the board deems advisable.

[1953 c 571 s 5]

41.46 STATE AUDITOR TO MAKE RECORDS. After the sale and before the delivery to the purchaser of certificates of indebtedness issued pursuant hereto, they shall be presented to the state auditor, who shall make a record showing the number, amount, date of issue, date of maturity, and interest rate of each certificate, and the state auditor or his deputy shall certify thereon that such record has been made, and after such certification the conservator of rural credit shall forthwith file with the commissioner of administration a statement showing the number, amount, date of issue, date of maturity, and interest rate of each of such certificates.

[1953 c 571 s 6]

41.47 CERTIFICATES A CHARGE UPON RURAL CREDIT FUND. Subdivision 1. The certificates authorized by sections 41.41 to 41.47 are hereby made, until paid, a charge upon the rural credit fund and any moneys in any fund created to discharge a deficiency in the rural credit fund, including without limitation the proceeds of taxes levied in excess of the amounts required to pay any obligation of the state for the payment of which such taxes are levied, shall be transferred to the rural credit fund.

Subd. 2. At the end of each fiscal year, beginning with the fiscal year 1953-1954, the conservator of rural credit shall determine whether the unencumbered balance in the rural credit fund exceeds \$50,000. If he so determines, he shall certify forthwith the amount of the excess to the state auditor, who shall transfer such amount in multiples of \$10,000 to the supplementary rural credit deficiency fund, and the state auditor and state treasurer are authorized to make the appropriate entries upon their records. The state auditor shall reduce the current tax levy provided for in section 41.42 by the amount of the moneys so transferred, which are hereby appropriated for the purposes for which such levy is authorized and shall not be used for any other purpose.

[1953 c 571 s 7]