

CHAPTER 50

SAVINGS BANKS

50.14 Authorized securities.
50.157 Limited trusteeship.

50.175 Negotiable order of withdrawal account.

50.14 AUTHORIZED SECURITIES.

[For text of subs 1 to 4, see M.S.1980]

Subd. 5. (1) Class four shall be:

(a) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate, whether in fee or in a leasehold of a duration not less than ten years beyond the maturity of the loan, in any state of the United States, worth at least twice the amount loaned thereon;

(b) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate in clause (1) (a) where the notes or bonds do not exceed 80 percent of the appraised value of the security for the same, provided that the notes or bonds are payable in installments aggregating not less than five percent of the original principal a year in addition to the interest; or, are payable on a regular amortization basis in equal installments, including principal and interest, these installments to be payable monthly in amounts that the debt will be fully paid in not to exceed 30 years if the security is non-agricultural real estate, and these installments to be payable annually or semi-annually in amounts that the debt will be fully paid in not to exceed 25 years if the security is agricultural real estate. A construction loan is deemed amortized as required by this clause if the first installment thereon is payable not later than 18 months after the date of the first advance in the case of residential construction or not later than 36 months after the date of the first advance in the case of nonresidential construction; and

(c) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate in clause (1) (a) which are in an original principal amount of \$100,000 or more and which do not exceed 95 percent of the appraised value of the security for the same which may be payable in the manner as the trustees of the bank prescribe, provided that construction loans made by a savings bank pursuant to this clause (1) (c) do not exceed in the aggregate five percent of the assets of the savings bank.

(2) Class four investments shall be made only on report of a committee directed to investigate the same and report its value, according to the judgment of its members, and its report shall be preserved among the bank's records.

(3) Notwithstanding anything to the contrary in clause (1) (b), a mutual savings bank organized under the laws of this state may invest in notes or bonds secured by mortgages or trust deed where the notes or bonds do not exceed 95 percent of the appraised value of the security for the same. Except as modified herein, the other provisions of clause (1) (b) apply.

(4) For purposes of this subdivision, real estate is deemed unencumbered if the only existing mortgage or lien against the real estate is a first mortgage lien in favor of the savings bank making a second mortgage loan or if the total unpaid aggregate of all outstanding liens against the same real estate does not exceed 80 percent of its appraised value.

(5) Renegotiable rate notes or bonds secured by mortgages or trust deeds where the notes or bonds do not exceed 95 percent of the appraised value of the security for the same.

For the purposes of this clause, a renegotiable rate mortgage loan is a loan issued for a term of three years to five years, secured by a mortgage maturing in not to exceed 30 years, and automatically renewable at equal intervals after the original loan term which may be up to six months shorter or longer than subsequent terms. The loan must be repayable in equal monthly installments of principal and interest during the loan term, in an amount at least sufficient to amortize a loan with the same principal and at the same interest rate over the remaining life of the mortgage.

In the mortgage documents, the savings bank must grant to the borrower an option to renew the loan for a new term, but not beyond the maturity date of the mortgage, at a new interest rate which shall be the savings bank's current market rate of interest on similar loans determined 60 days before the due date of the loan: provided, that the maximum interest rate increase shall be equal to one-half of one percent per year multiplied by the number of years in the loan term with a maximum net increase of five percent over the life of the mortgage. Interest rate increases are optional with the savings bank; net decreases from the previous loan term are mandatory.

The borrower may not be charged costs connected with the renewal of the loan.

Sixty days before the due date of the loan, the savings bank shall send a written notification to the borrower containing the following information: (i) The date on which the entire balance of borrower's loan is due and payable; (ii) a statement that the loan will be renewed automatically by the savings bank at the rate specified in the notice unless the borrower pays the loan by the due date; (iii) the amount of the monthly payment, calculated according to the new rate determined at the time of notice; (iv) a statement that the borrower may prepay the loan without penalty at any time after the original loan becomes due and payable; and (v) the name and phone number of a savings bank employee who will answer the borrowers' questions concerning the information in the notice.

An applicant for a renegotiable rate mortgage loan must be given, at the time an application is requested, written disclosure materials prepared in reasonably simple terms that contain at least the following information: (i) An explanation of how a renegotiable rate mortgage differs from a standard fixed rate mortgage; (ii) an example of a renegotiable rate mortgage indicating the maximum possible interest rate increase and monthly payment calculated on that rate at the time of the first renewal; and (iii) an explanation of how the savings bank determines what the rate will be at the end of each loan term.

[For text of subds 6 to 17, see M.S.1980]

History: 1Sp1981 c 4 art 2 s 6

50.157 LIMITED TRUSTEESHIP.

[For text of subd 1, see M.S.1980]

Subd. 2. Individual housing account trust powers. Upon application to and approval by the commissioner, a savings bank shall have the power to act as trustee of individual housing accounts established pursuant to the provisions of section 290.08, subdivision 25.

History: 1Sp1981 c 1 art 9 s 2

50.175 NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNT.

Subdivision 1. **Authorization.** Any savings bank organized and operating pursuant to this chapter, may establish negotiable order of withdrawal accounts on which it may or may not pay interest or dividends. Withdrawals from the accounts are subject to the right of the savings bank to require the depositor or account holder to give notice of an intended withdrawal not less than 30 days before the withdrawal is made, even though in practice the notice is not regularly required and the depositor or account holder is allowed to make withdrawals by negotiable or transferable instruments for the purpose of making payments to third persons or otherwise.

Subd. 2. **Reserves.** A savings bank shall maintain reserves in the form of liquid assets at a level reasonably necessary to meet anticipated withdrawals, commitments, and loan demand. Reserves shall be in cash, cash items in process of collection, short term obligations of or demand balances with other insured financial institutions in the United States and its territories, or short term, direct obligations of or guaranteed by the United States government. Obligations must mature within one year to be considered short term. The commissioner may prescribe the required amount of reserves in relation to liabilities for any individual savings bank from time to time based upon examination findings or other reports relating to the savings bank that are available to the commissioner. The determination by the commissioner of a required amount of reserves for a savings bank shall not be considered a rule as defined by section 15.0411, subdivision 3. Reserves for an individual savings bank as prescribed by the commissioner pursuant to this section shall be enforced in accordance with sections 46.24 and 46.30 to 46.33.

History: 1981 c 182 s 3

CHAPTER 51A

SAVINGS ASSOCIATION ACT

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51A.02 DEFINITIONS.

[For text of subd 1, see M.S.1980]

Subd. 2. "Association" means a mutual or capital stock savings association or savings and loan association subject to the provisions of sections 51A.01 to 51A.57.

Subd. 2a. "Capital stock" means the aggregate of shares of nonwithdrawable capital issued by a capital stock association, but does not include nonwithdrawable capital represented by capital certificates.

[For text of subd 3, see M.S.1980]

Subd. 4. "Direct reduction loan" means a loan or other obligation repayable in consecutive monthly installments, equal or unequal, beginning not later than 90 days after the date of the advance, sufficient to retire the debt, interest, and principal within 40 years, the initial contract of which shall not provide for any subsequent monthly installment of interest and principal of an amount larger than any previous monthly installment, except that provisions may be contained in the contract which specify that one or more consecutive monthly installments may be lapsed to the extent that monthly installments have been made ahead of schedule or, in the event of an emergency to the borrower affecting his ability to pay, to the extent of no more than six monthly installments but that nevertheless the full amount of principal and interest shall be paid within the scheduled term of the loan; provided, that in the case of construction loans the first installment under the contract shall be payable not later than 18 months after the date of the first advance. The loan or obligation is an amortized loan.

[For text of subds 4a to 22, see M.S.1980]

Subd. 22a. "Stockholder" means the holder of one or more shares of any class of capital stock of a capital stock association organized and operating pursuant to the provisions of Laws 1981, Chapter 276.

Subd. 22b. "Surplus" means the aggregate amount of the undistributed net income for an association held as undivided profits or unallocated reserves for general corporate purposes, and any paid-in surplus held by an association.

[For text of subds 23 to 25, see M.S.1980]

History: 1981 c 276 s 1-5

51A.03 INCORPORATION.

Subdivision 1. **Application for certificate of incorporation.** At any time hereafter any five or more individuals, citizens of this state, may apply to form a mutual association or capital stock association to promote thrift and home financing subject to approval as hereinafter provided in sections 51A.01 to 51A.57. Five of the individual applicants shall be incorporators and sign and acknowledge before an officer competent to take acknowledgments of deeds, two copies of an application for a certificate of incorporation in the form prescribed by the commerce commission, and of the bylaws in the form set out in this section or in a form approved by the commissioner, which shall be filed with the commissioner, accompanied by the incorporation fee. The applicants shall submit with their application statements, exhibits, map, and other data which the commissioner may require, which data shall be sufficiently detailed and comprehensive to enable the commerce commission to pass upon the application as to the criteria set out in subdivision 3.

Subd. 2. **Preapproved bylaws of mutual associations.** The following form of bylaws may be adopted and used by any mutual association without specific approval of the commissioner. The bylaws may be amended and different bylaws may be adopted with the approval of the commissioner.

(1) Meeting procedure. All meetings of the members and of the board of directors shall be conducted in accordance with Robert's Rules of Order.

(2) Annual meeting of members. The annual meeting of the members of the association for the election of directors and for the transaction of other business of the association shall be held at its home office at a time and day to be specified in January in each year, or, if a legal holiday, then on the next succeeding day not a legal holiday. The annual meeting may be held at another time and day in January or at another place in the same community the board of directors determines, but at least ten days' written notice thereof shall be sent to each member at his last known address appearing upon the membership records of the association, or ten days' notice of the other time, date, and place of meeting shall be given by publication in a newspaper of general circulation in the county in which the home office of the association is located. At each annual meeting, the officers shall make a report of the financial condition of the association and of its progress for the preceding year, and shall outline a program for the succeeding year.

(3) Special meetings of members. A special meeting of the members of the association may be called at any time by the chairman of the board of directors, the president, or the board of directors, and shall be called by the president, a vice president, or the secretary upon the written request of members of record holding, in the aggregate, at least one-tenth of the savings liability of the association. The written requests shall state the purposes of the meeting and shall be delivered at the principal office of the association addressed to the president.

(4) Notice of meetings of members. Except as hereinabove provided, no notice of annual meetings of members need be given to members. Notice of each special meeting of members shall state the purposes for which the meeting is called, the place of meeting, and the time when it shall convene, and shall be published once a week for two consecutive calendar weeks, in each instance on any day of the week, prior to the date on which the special meeting shall convene, in a newspaper of general circulation in the county in which the principal office of the association is located. In addition to the publication of the notice, a copy thereof shall be posted in a conspicuous public place in the principal office of the

association during the 14 days immediately preceding the date on which the special meeting shall convene.

(5) Procedure for nomination of directors. On or before the 30th day prior to the date of the annual meeting the president, with the approval of the board of directors, shall appoint a nominating committee of three members of the association, and the nominating committee shall, on or before the 15th day prior to the date of the annual meeting, nominate a qualified member of the association to serve as a director for each vacancy in the board of directors of the association and to succeed each director whose term is expiring at the annual meeting. The nominations shall be in writing, signed by the members of the nominating committee, and shall be filed with the secretary of the association. Any member of the association, acting in his own membership capacity, may nominate any qualified member of the association for the office of director to fill any vacancy in the board of directors or to succeed each director whose term is expiring at the annual meeting, provided the nomination is made in writing, signed by the member, and filed with the secretary of the association and with the commissioner at least 15 days before the meeting. The written nomination by a member acting in his own membership capacity shall contain the following information to the extent known to the member: (1) The names and addresses of the nominees; (2) the major occupations of the nominees; (3) the total number of votes that to the knowledge of the member will be voted for the nominees; (4) the name and residence address of the member; and (5) the number of votes which may be cast by the members. The names of all nominees nominated by the nominating committee and by members, as herein provided, shall be printed, typed, or written upon ballots, which shall be used in the election of directors at the annual meeting, and no other nomination shall be considered at the meeting; provided that in the event no nomination has been made either by the nominating committee or by a member as herein provided, nominations may be made from the floor at the annual meeting.

(6) New business. Any new business to be taken up at the annual meeting, including any proposal to increase or decrease the number of directors of the association, shall be stated in writing and filed with the secretary of the association on or before the 20th day prior to the date of the annual meeting, and all business so stated, proposed, and filed shall be considered at the annual meeting, but no other proposals shall be acted upon at the annual meeting. Any member may make any other proposal at the annual meeting and the same may be discussed; but unless stated in writing and filed with the secretary at least 20 days before the meeting, the proposals shall be laid over for action at an adjourned, special, or regular meeting of the members taking place 30 days or more after the annual meeting. This provision shall not prevent consideration at the annual meeting of the reports of officers and reports of committees. No new business shall be acted upon at a special meeting of the members except that which has been stated in the published notice of the meeting as provided in paragraph 4 of the bylaws.

(7) Meetings of the board of directors. The board of directors shall meet regularly without notice at least once each month at the place, hour, and date fixed by resolution of the board of directors. Special meetings of the board of directors may be held and shall be called by the secretary upon the written request of the president or of three directors. All special meetings shall be held upon at least three days' written notice to each director unless notice be waived in writing by each director before or after the meeting. The notice shall state the place, time, and purposes of the meeting. No notice need be given of any meeting at which every director shall be present. A majority of the total number of directors

authorized shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors. If the board of directors of the association elects a chairman of the board of directors, he shall preside at all meetings of the board of directors, if present, and may exercise any and all powers and perform any and all duties which the board of directors, by resolution, confers upon him.

(8) Resignation and removal of directors. Any director may resign at any time by sending a written notice of the resignation to the principal office of the association addressed to the secretary. Unless otherwise specified therein, the resignation shall take effect upon receipt thereof by the secretary. Any director may be removed either with or without cause at any time by the majority of all votes cast at any annual meeting of members, or at any special meeting of members called for that purpose. Any director, after an opportunity afforded him for being heard, may be removed for cause by a two-thirds majority vote of the total number of directors authorized, at any regular meeting or at any special meeting called for that purpose. More than three consecutive absences from regular meetings of the board of directors, unless excused by resolution of the board of directors, shall automatically constitute a resignation, effective when the resignation is accepted by the board of directors.

(9) Compensation of directors. The board of directors, by resolution, may provide for reasonable compensation to be paid to directors for services as directors, which compensation shall not preclude any director from serving the association in any other capacity and receiving compensation therefor.

(10) Executive and other committees. The president with the approval of the board of directors may appoint an executive committee of not less than three members of the board which shall have all the powers of the board of directors between meetings of the board. Actions taken by the executive committee shall be disclosed to the board of directors at its next regular or special meeting. There may be a loan policy committee, and other committees the president appoints and empowers with the approval of the board of directors.

(11) Officers. The officers of the association shall consist of a president to be chosen from among the directors, one or more vice presidents, a secretary, a treasurer, and any other officers authorized by the board of directors, and shall be elected at the first meeting of the board of directors which follows the annual meeting of members, and which shall be held within 30 days after the annual meeting of members. The board of directors may authorize the appointment of additional officers and employees as it may from time to time determine. Any one person may hold any two offices, except that during his tenure as president, the president may not hold the office of secretary or treasurer. The term of office of all officers shall be one year or until their respective successors are elected and qualified; but any officer may be removed at any time by the board of directors for or without cause. The officers shall have the powers, duties, and authority generally appropriate to the office held, subject to special provision made by the board of directors at any time.

(12) Execution of instruments. All contracts, notes, drafts, acceptances, checks, endorsements, assignments, releases, deeds, all evidences of indebtedness of the association, and all documents, instruments, or writings of any nature shall be signed, executed, verified, acknowledged, and delivered by the officers, agents, or employees of the association, or any one of them in a manner as from time to time may be determined by resolution of the board of directors. Proxies to vote with respect to securities or accounts owned by the association may be executed

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and delivered from time to time by the president, a vice president, the secretary or treasurer of the association, or by any other person authorized by resolution of the board of directors.

(13) Evidence of savings account. Officers or employees designated by the board of directors shall deliver to each person upon the initial credit to his savings account in the association an account book or other written evidence of the account where the issuance of the evidence may be required.

(14) Corporate seal. The seal shall be two concentric circles between which shall be the name of the association. The year of incorporation and the name of this state shall, and an emblem may, appear in the center.

(15) Fiscal year. The fiscal year shall be the calendar year.

(16) Amendments. With the approval of the commissioner, amendments of these bylaws may be made from time to time or different bylaws adopted by vote of the members, or by a two-thirds majority vote of the total number of directors authorized.

We, the undersigned, being the incorporators of the SAVINGS ASSOCIATION, do hereby adopt and for that purpose do sign and acknowledge the foregoing bylaws as and for the bylaws of the SAVINGS ASSOCIATION, this day of, 19.....

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Subd. 2a. **Preapproved bylaws of capital stock associations.** The following form of bylaws may be adopted and used by any capital stock association without specific approval of the commissioner. The bylaws may be amended and different bylaws may be adopted with the approval of the commissioner.

(1) **Meeting procedure.** All meetings of the stockholders and of the board of directors shall be conducted in accordance with Robert's Rules of Order.

(2) **Annual meeting of stockholders.** The annual meeting of the stockholders of the association for the election of directors and for the transaction of other business of the association shall be held at its home office within 120 days after the annual closing of the association's books in each year. At each annual meeting, the officers shall make a report of the financial condition of the association and of its progress for the preceding year, and shall outline a program for the succeeding year.

(3) **Special meetings of stockholders.** A special meeting of the stockholders of the association may be called at any time by the chairman of the board of directors, the president, or the board of directors, and shall be called by the president, a vice president, or the secretary upon the written request of stockholders of record holding, in the aggregate, at least one-tenth of all the outstanding capital stock of the association. The written requests shall state the purposes of the meeting and shall be delivered at the home office of the association addressed to the president.

(4) **Notice of meetings of stockholders.** Written notice of each annual and special meeting of stockholders stating the place, day, and hour of the meeting.

and if a special meeting, the purpose or purposes for which it is called, shall be delivered not less than 14 days before the date of the meeting, either personally or by mail, to each stockholder of record entitled to vote at the meeting. If mailed, the notice shall be deemed to be delivered when deposited in the U.S. mail, addressed to the stockholder at his address as it appears on the stock transfer books or records of the association as of the record date with postage thereon prepaid. A similar notice also shall be posted in a conspicuous place in each of the offices of the association during the 14 days immediately preceding the date on which the annual or special meeting shall convene. When any stockholders' meeting, either annual or special, is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. It shall not be necessary to give any notice of the time and place of any meeting adjourned for less than 30 days or of the business to be transacted at the meeting, other than an announcement at the meeting at which the adjournment is taken.

(5) **Voting lists.** The officer or agent having charge of the stock transfer books for shares of the association shall make at least 14 days before each meeting of the stockholders a complete list of the stockholders entitled to vote at the meeting, or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list shall be kept on file at the home office of the association and shall be subject to inspection by any stockholder at any time during usual business hours, for a period of 14 days prior to the meeting. The list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the meeting. The original stock transfer book shall be evidence as to who are the stockholders entitled to examine the list or transfer books or to vote at any meeting of stockholders. In lieu of making the stockholders' list available for inspection by any stockholder as herein provided, the board of directors may elect to follow the procedures prescribed in Section 14A-7 of the general regulations under the Securities Exchange Act of 1934 as may be duly requested in writing, with respect to any matter which may be properly considered at a meeting of stockholders, by any stockholder who is entitled to vote on the matter and who shall defray the reasonable expenses to be incurred by the association in the performance of the act or acts required.

(6) **Directors; nomination.** The number of the directors of the association shall be (insert a number not less than five nor more than 15). The board of directors shall be elected on a staggered basis with no more than one-third of the total number of directors authorized being elected in any one year. The board of directors annually shall elect a chairman to preside at meetings of the board. On or before the 30th day prior to the date of the annual meeting, the board of directors shall appoint a nominating committee of at least three directors of the association and the committee shall on or before the 15th day prior to the date of the annual meeting, nominate a qualified stockholder of the association to serve as a director for each vacancy in the board of directors of the association and to succeed each director whose term is expiring at the annual meeting. The nominations shall be in writing, signed by the members of the nominating committee, and shall be filed with the secretary of the association. Any stockholder of the association acting in his own capacity, may nominate any qualified stockholder of the association for the office of director to fill any vacancy in the board of directors or to succeed each director whose term is expiring at the annual meeting; if, the nomination is made in writing signed by the stockholder, and filed with the secretary of the association and with the commissioner at least 15 days before the meeting. The written nomination by a stockholder acting in his own

capacity shall contain the following information to the extent known to the stockholder: (1) the name and address of the nominee; (2) the major occupation of the nominee; (3) the total number of votes that to the knowledge of the stockholder will be voted for the nominee; (4) the name and residence address of the stockholder; and (5) the number of votes which may be cast by the stockholder. The names of all nominees nominated by the nominating committee and by stockholders, as herein provided, shall be printed, typed, or written upon ballots, which shall be used in the election of directors at the annual meeting, and no other nomination shall be considered at the meeting; provided, that in the event no nomination has been made either by the nominating committee or by a stockholder, as herein provided, nominations may be made from the floor at the annual meeting.

(7) **Proposal of new business.** Any new business to be taken up at the annual meeting, including any proposal to increase or decrease the number of directors of the association, shall be stated in writing and filed with the secretary of the association on or before the 20th day prior to the date of the annual meeting, and all business so stated, proposed, and filed shall be considered at the annual meeting, but no other proposals shall be acted upon at the annual meeting. Any stockholder may make any other proposal at the annual meeting and the same may be discussed, but unless stated in writing and filed with the secretary at least 20 days before the meeting, the proposals shall be laid over for action at an adjourned, special, or regular meeting taking place 30 days or more after the annual meeting. This provision shall not prevent consideration at the annual meeting of the reports of officers and reports of committees. No new business shall be acted upon at a special meeting except that which has been stated in the published notice of the meeting as provided in paragraph 4 of the bylaws.

(8) **Meetings of the board of directors.** The board of directors shall meet regularly without notice at least once each month at the place, hour, and date fixed by resolution of the board of directors. Special meetings of the board of directors may be held and shall be called by the secretary upon the written request of the chairman or of three directors. All special meetings shall be held upon at least three days' written notice to each director unless notice be waived in writing by each director before or after the meeting. The notice shall state the place, time, and purposes of the meeting. No notice need be given of any meeting at which every director shall be present. A majority of the total number of directors authorized shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors. The chairman of the board of directors shall preside at all meetings of the board of directors, if present, and may exercise any and all powers and perform any and all duties which the board of directors, by resolution, confers upon him.

(9) **Resignation and removal of directors.** Any director may resign at any time by sending a written notice of the resignation to the home office of the association addressed to the secretary. Unless otherwise specified therein, the resignation shall take effect upon receipt thereof by the secretary. Any director may be removed for cause at any time by the majority of all votes cast at any annual meeting of stockholders, or at any special meeting of stockholders called for that purpose. Any director, after an opportunity afforded him for being heard, may be removed for cause by a two-thirds majority vote of the total number of directors authorized, at any regular meeting or at any special meeting called for that purpose. More than three consecutive absences from regular meetings of the board of directors, unless excused by resolution of the board of directors, shall

automatically constitute a resignation, effective when the resignation is accepted by the board of directors.

(10) **Directors' fees.** The board of directors, by resolution, may provide for reasonable fees to be paid to directors for services as directors, which fees shall not preclude any director from serving the association in any other capacity and receiving compensation therefor.

(11) **Executive and other committees.** The president with the approval of the board of directors may appoint an executive committee of not less than three members of the board which shall have all the powers of the board of directors between meetings of the board. Actions taken by the executive committee shall be disclosed to the board of directors at its next regular or special meeting. There may be a loan policy committee, and other committees the president may appoint and empower with the approval of the board of directors.

(12) **Officers.** The officers of the association shall consist of a president to be chosen from among the directors, one or more vice presidents, a secretary, a treasurer, and any other officers authorized by the board of directors, and shall be elected at the first meeting of the board of directors which follows the annual meeting of stockholders and which shall be held within 30 days after the annual meeting of stockholders. The board of directors may authorize the appointment of additional officers and employees as it may from time to time determine. Any one person may hold any two offices, except that during his tenure as president, the president may not hold the office of secretary or treasurer. The term of office of all officers shall be one year or until their respective successors are elected and qualified, but any officer may be removed at any time by the board of directors for or without cause. Officers shall have the powers, duties, and authority generally appropriate to the office held, subject to special provision made by the board of directors at any time. The board of directors from time to time shall determine the compensation of the officers of the association.

(13) **Execution of instruments.** All contracts, notes, drafts, acceptances, checks, endorsements, assignments, releases, deeds, all evidences of indebtedness of the association, and all documents, instruments, or writings of any nature shall be signed, executed, verified, acknowledged, and delivered by the officers, agents, or employees of the association, or any one of them in a manner as from time to time may be determined by resolution of the board of directors. Proxies to vote with respect to securities or accounts owned by the association may be executed and delivered from time to time by the president, a vice president, the secretary or treasurer of the association, or by any other person authorized by resolution of the board of directors.

(14) **Stock certificates and their transfers.** Certificates representing shares of capital stock of the association shall be in a form determined by the board of directors and approved by the commissioner. The certificates shall be signed by the chief executive officer or by any other officer of the association authorized by the board of directors, attested by the secretary or an assistant secretary and sealed with the corporate seal or a facsimile thereof. The signatures of the officers upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the association itself or one of its employees. Each certificate for shares of capital stock shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the association. All certificates surrendered to the association for transfer shall be cancelled and no new certificate shall be issued

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until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost or destroyed certificate, a new certificate may be issued therefor upon the terms and indemnity to the association the board of directors prescribes. Transfer of shares of capital stock of the association shall be made only on its stock transfer books. Authority for the transfer shall be given only by the holder of record thereof or by his legal representative, who shall furnish proper evidence of the authority, or by his attorney thereunto authorized by power of attorney duly executed and filed with the association. The transfer shall be made only on surrender for cancellation of the certificate for the shares. The person in whose name shares of capital stock stand on the books of the association shall be deemed by the association to be the owner thereof for all purposes.

(15) **Evidence of savings account.** The officers or employees as may be designated by the board of directors shall deliver to each person upon the initial credit to his savings account in the association an account book or other suitable evidence of the account where the issuance of this evidence may be required.

(16) **Corporate seal.** The seal shall be two concentric circles between which shall be the name of the association. The year of incorporation and the name of this state shall, and an emblem may, appear in the center.

(17) **Fiscal year.** The fiscal year shall end on the last day of any month at the option of the association.

(18) **Amendments.** With the approval of the commissioner, amendments of these bylaws may be made from time to time or different bylaws adopted by vote by the stockholders or by a two-thirds majority vote of the total number of directors authorized.

We, the undersigned, being the incorporators of the SAVINGS AND LOAN ASSOCIATION, do hereby adopt and for that purpose do sign and acknowledge the foregoing bylaws as and for the bylaws of the SAVINGS AND LOAN ASSOCIATION, this day of, 19... .

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Subd. 3. **Notice and hearing.** Upon receipt of an application for a certificate of incorporation to form an association, including supporting data, the commerce commission shall fix a time, within 60 days after the filing of the application, for a hearing at its office at the state capitol, at which hearing it shall decide whether or not the application shall be granted. A notice of hearing shall be published in the form prescribed by the commerce commission in a newspaper of general circulation published in the municipality in which the proposed association is to be located, and if there be no such newspaper, then at the county seat of the county in which the association is proposed to be located. The notice shall be published once, at the expense of the applicants, not less than 30 days prior to the date of the hearing. Any interested person may appear at the hearing in person or by agent or attorney, and orally or in writing show cause upon any relevant ground why the certificate should not be issued.

If upon the hearing it appears that the applicants are of good moral character and financial integrity, that there is a reasonable public demand for this association in the location specified by the application, that there is a reasonable probability of the proposed association's usefulness and success, that the association can be established without undue injury to the properly conducted, existing financial institution in the locality, and that the association will be properly and safely managed, the application may be granted; otherwise it shall be denied. Any hearing required by this section shall be conducted by the commerce commission in accordance with the provisions of the administrative procedures act, sections 15.0411 to 15.052, governing contested cases, including the provisions of the act relating to judicial review of agency decisions.

Subd. 4. Procedure; filing of articles. The procedure for processing the application, conducting the hearing, and other matters pertinent thereto, shall be established by rules promulgated by the commissioner. After approval, if approved, the commissioner shall issue a certificate of approval and the articles of incorporation shall then be filed with the secretary of state, who shall record same and certify the fact, thereon. The certificate and articles shall be filed with the county recorder of the county of the principal place of business, as specified in the certificate.

Subd. 5. Publication. Every article of incorporation shall be published in a legal newspaper in the county of the principal place of business, for two successive days in a daily, or for two successive weeks in a weekly, newspaper. Thereafter the articles of incorporation, together with proof of publication, shall be filed with the commissioner. Savings associations shall be exempt from the filing fee provided by law for payment to the state treasurer before filing any articles, renewal, or amendment.

History: 1981 c 276 s 6

51A.04 ORGANIZATION OF MUTUAL ASSOCIATIONS.

Subdivision 1. Selection of chairman of incorporators; savings liability required. The incorporators of a mutual association shall appoint one of their number as chairman of the incorporators. The incorporators, before a certificate of incorporation is issued, shall pay in cash to the chairman, as subscriptions to the savings accounts of the proposed association, including that part of the original subscription paid by the chairman, an aggregate amount, not less than \$100,000; provided the commissioner may, in his discretion, require a larger amount to be paid in.

Subd. 2. Chairman of incorporators to procure surety bond. The chairman of the incorporators shall procure from a surety company or other surety acceptable to the commissioner, a surety bond in form approved by the commissioner in an amount at least equal to the amount subscribed by the incorporators plus the expense fund. The bond shall name the commissioner as obligee and shall be delivered to him. It shall assure the safekeeping of the funds subscribed and their delivery to the association after the issuance of the certificate of incorporation and after the bonding of the officers. In the event of the failure to complete organization, the bond shall assure the return of the amounts collected to the respective subscribers or their assigns, less reasonable expense which shall be deducted from the expense fund.

Subd. 3. Expense fund for incorporation and organization. The incorporators, in addition to their subscriptions to savings accounts, shall create an expense fund in an amount not less than one-half of the minimum amount of savings

account subscriptions required to be paid in under sections 51A.01 to 51A.57, from which expense fund the expense of organizing the association and its operating expenses may be paid until the time its net income is sufficient to pay the earnings declared and paid or credited to its savings account holders from sources available for payment of earnings. The incorporators and others, before a certificate of incorporation is issued, shall deposit to the credit of the chairman of the incorporators and others shall not constitute a liability of the association except as hereinafter provided.

Subd. 4. Repayment of contributions made to expense fund. Contributions made by the incorporators and others to the expense fund may be repaid pro rata to the contributors from the net income of the association after provision for statutory reserves and declaration of earnings of not less than two percent on savings accounts. In case of the liquidation of an association before contributions to the expense fund have been repaid, any contributions to the expense fund remaining unexpended, after the payment of expenses of liquidation, all creditors, and the withdrawal value of all savings accounts, shall be repaid to the contributors pro rata. The books of the association shall reflect the expense fund. Contributors to the expense fund shall at the times earnings regularly are distributed to savings account holders be paid earnings on the amounts paid in by them and for this purpose the contributions shall in all respects be considered as savings accounts of the association.

Subd. 5. Organization meeting. Within 30 days after the corporate existence of an association begins, the directors of the association shall hold an organization meeting and shall elect officers pursuant to the provisions of sections 51A.01 to 51A.57 and the bylaws. At the organization meeting the directors shall take other action as appropriate in connection with beginning the transaction of business by the association. The commissioner may extend by order the time within which the organization meeting shall be held.

History: 1981 c 276 s 7

51A.041 ORGANIZATION OF CAPITAL STOCK ASSOCIATIONS.

Subdivision 1. Selection of chairman of incorporators; surety bond required; capital required. The incorporators of a capital stock association shall appoint one of their number as chairman of the incorporators and the chairman shall procure from a surety company or other surety acceptable to the commissioner, a surety bond in an amount at least equal to the amount of capital stock contributions, plus the additional amounts described in subdivision 2. The bond shall name the commissioner as obligee and shall be delivered to him. It shall assure the safekeeping of the funds described; their delivery to the association after the issuance of the certificate of incorporation and after the bonding of the officers; and, in the event of the failure to complete organization, the return of the amounts collected to the respective subscribers or their assigns, less reasonable expenses which shall be deducted from the paid-in surplus. Before a certificate of incorporation is issued, the capital of the association shall be paid in by subscribers to the chairman in cash or authorized securities and shall be the sum of the par or initially stated value of all shares of voting capital stock. Each share of capital stock shall entitle the holder thereof to one vote. The minimum required capital shall be not less than \$500,000, provided the commissioner may, in his discretion, require a larger amount to be paid in. No portion of the capital stock shall be withdrawn by any person or in any way, either in dividends or otherwise, except as provided by law. No dividend on capital stock shall be made except as provided in section 51A.21, subdivision 21. No commissions, fees, or other remuneration

shall be paid for the sale of shares of capital stock, and no incentive stock shall be issued.

Subd. 2. **Payments of minimum paid-in, surplus and expense fund.** In addition to the required capital stock the incorporators shall pay an additional amount as the commissioner shall determine which shall constitute minimum paid-in surplus. This paid-in surplus shall in no event be less than 25 percent of the amount of required capital stock. Furthermore, there shall be established an expense fund in an amount determined by the commissioner to be adequate to meet the expense of organizing the association and its operating expenses until the time its net income is sufficient.

Subd. 3. **Issuance of certificate of incorporation.** After approval by the commerce commission of the application for a certificate of incorporation, and prior to issuance of the certificate of incorporation by the commissioner, the incorporators of the proposed association shall file with the commissioner a statement in a form and with the supporting data and proof as it may require, verifying that the entire capital and paid-in surplus has been unconditionally paid in, and that the funds representing the capital and paid-in surplus, less sums of the paid-in surplus expended for land, building, supplies, fixtures, equipment, and organization, are on hand.

Subd. 4. **Issuance of capital stock.** As of the date corporate existence begins, the association shall issue capital stock as necessary to satisfy the minimum capital requirements of this section and additional capital stock as may be approved for issuance by its board of directors up to the amount authorized in its certificate of incorporation, and thereafter shall issue no other shares except as authorized in Laws 1981, Chapter 276. Any capital stock of an association, when issued, shall constitute permanent capital and shall not be retired or withdrawn except as hereinafter provided until all liabilities of the association have been satisfied in full, including the withdrawal value of all savings accounts, and until outstanding capital certificates have been retired. An association may issue shares of common stock and preferred stock, with or without par value, and the common and preferred stock may be divided into classes and the classes into series. Capital stock of an association shall be issued pursuant to the following requirements:

(a) Except for stock issued pursuant to the incorporation of the association, an employee stock option plan, or a plan of merger, consolidation, conversion from a mutual to a stock association, or other type of reorganization which has been approved by the commissioner, the consideration for the issuance of capital stock shall be paid in cash. The par value or stated value of the stock shall be maintained as the permanent capital of the association, and any additional amount paid in shall be credited to paid-in surplus.

(b) The aggregate par value or stated value of all outstanding shares of capital stock shall be the permanent capital of the association, and except as otherwise specifically provided by Laws 1981, Chapter 276 the capital stock shall not be retired until final liquidation of the association. No association shall reduce the par or stated value of its outstanding capital stock without first obtaining the written approval of the commissioner, and the approval shall be withheld if the reduction will cause the par or stated value of outstanding capital stock to be less than the minimum required by Laws 1981, Chapter 276 or will result in less than adequate net worth as the commissioner may, in his discretion, determine. No association shall retire any part of its capital stock unless the retirement is approved by the commissioner. With the written approval of the commissioner,

an association may purchase its capital stock from the personal representative of a deceased stockholder; and with the written approval, an association may contract with a living stockholder for this purpose upon the stockholder's death. Any purchase shall be for the price, and upon the terms and conditions, agreed upon by the association and the stockholder or personal representative; provided, however, that the purchase shall not reduce the net worth accounts of the association, or any of them, to an amount less than required by applicable law or by any approved insurer of the association's savings accounts. An association agreeing with a stockholder to purchase that stockholder's capital stock upon his death may purchase insurance upon the life of the stockholder to fund or partially fund the purchase. Any stock purchased from a decedent's personal representative may be resold by the association at the price, and upon the terms and conditions, as the board of directors of the association shall approve, or may be retired; provided, however, that prior to the resale, notice shall be filed with the commissioner disclosing the price, terms, and conditions of the proposed resale.

Subd. 5. Organization meeting. Within 30 days after the corporate existence of an association begins, the directors of the association shall hold an organization meeting and shall elect officers pursuant to the provisions of Laws 1981, Chapter 276 and the bylaws. At the organization meeting the directors shall take other action as appropriate in connection with beginning the transaction of business by the association. The commissioner may extend by order the time within which the organization meeting shall be held.

History: 1981 c 276 s 8

51A.06 CONVERSION.

Subdivision 1. [Repealed, 1981 c 276 s 32]

Subd. 2. [Repealed, 1981 c 276 s 32]

[For text of subd 3, see M.S.1980]

51A.065 MUTUAL AND CAPITAL STOCK CONVERSIONS.

Subdivision 1. Types of conversions. Any state mutual association, state capital stock association, federal mutual savings and loan association or federal capital stock savings and loan association, if substantial business benefit to the applicant will result, and if otherwise permitted by federal law and regulations, may apply to convert to one of the following other forms of organization: state mutual association, state capital stock association, federal mutual savings and loan association, or federal capital stock savings and loan association in accordance with the provisions of subdivisions 2 to 4 and one of the three plans of conversion set forth in subdivisions 5 to 7. This section shall have no application to conversions where neither the converting nor the converted applicant is an association as defined in Laws 1981, Chapter 276.

Subd. 2. Board of directors approval of plan. Any applicant seeking to convert its corporate form pursuant to this section shall first obtain approval of a plan of conversion by resolution adopted by not less than a two-thirds majority vote of the total number of directors authorized.

Subd. 3. Supervisory approval of plan. Upon approval of the plan of conversion by the board of directors, the plan and the resolution approving it shall be submitted to the commissioner or other appropriate supervisory authority. The authority may approve or disapprove the plan of conversion in its discretion, but shall not approve the plan unless a finding is made, after appropriate examination, that: substantial business benefit to the applicant will result; the plan of

conversion is fair and equitable; the interests of the applicant, its members or stockholders, its savings account holders and the public are adequately protected; and the converting applicant has complied with the requirements of this section. If the authority approves the plan of conversion, the approval, which shall be in writing and sent to the home office of the converting applicant, may prescribe terms and conditions to be fulfilled either before or after the conversion to cause the applicant to conform with the requirements of Laws 1981, Chapter 276. If the authority disapproves the plan of conversion, the objections shall be stated in writing and sent to the home office of the converting applicant, and the applicant afforded an opportunity to amend and resubmit the plan within a reasonable time as prescribed by the authority. In the event that the authority disapproves the plan after resubmission, written notice of the final disapproval shall be sent by certified mail to the applicant's home office.

Subd. 4. Submission to members or stockholders. If the commissioner or other appropriate supervisory authority shall approve a plan of conversion in accordance with subdivision 3, the plan shall be submitted for adoption to the members or stockholders of the converting applicant by vote at a meeting called to consider the action. In addition to any notice of annual or special meeting required by Laws 1981, Chapter 276 and at least three weeks prior to the meeting, a copy of the plan, together with an accurate summary plan description explaining the operation of the plan and the rights, duties, obligations, liabilities, conditions, and requirements which may be imposed upon the members or stockholders and the converted applicant as a result of the adoption of the plan, shall be mailed to each member or stockholder eligible to vote at the meeting. The plan of conversion may be approved by not less than a majority of the total number of votes eligible to be cast at the meeting. If the plan is so approved, action shall be taken to obtain a charter, articles of incorporation, articles of association or similar instrument, adopt bylaws, elect directors and officers and take other action prescribed or appropriate for the type of corporation into which the converting applicant will be converted. A certified report of the proceedings at the meeting shall be filed promptly with the commissioner or other appropriate supervisory authority.

Subd. 5. Plan of conversion; mutual to capital stock. In any plan of conversion from mutual form of organization to capital stock form, the following requirements are mandatory:

(a) Each savings account holder shall receive without payment a withdrawable account of the same general class in the converted institution equal in amount and equal in time tenure to his withdrawable account in the converting institution.

(b) All voting capital stock issued by an association to accomplish the conversion shall be subscribed and fully paid for and shall not be eligible either directly or indirectly as security for a loan or other credit advance to facilitate its own purchase and each account holder shall receive without payment nontransferable rights for a period of at least 20 days to purchase a proportionate share of voting capital stock at a price equal to the initial stated value thereof. Thereafter, any stock remaining unsubscribed may be offered for sale to others, provided the offering shall be sold in a public offering through an underwriter or if directly by the converting association in a direct community marketing program as provided for in the plan for conversion approved by the commissioner or other responsible authority, except that no officer, director, employee, or spouse thereof shall be entitled to purchase any stock if the purchase would result in ownership of more than one percent of the total offering of capital stock, nor shall these persons in the aggregate be entitled to purchase any stock if the purchase would result in

ownership of more than 15 percent thereof. Any stock purchased by an officer, director, or employee of the converting institution, or any of their spouses, in connection with a conversion hereunder shall not, for a period of two years following the date of issuance of the certificate of conversion, be subject to inter vivos sale, pledge, assignment, hypothecation, transfer, any agreement to sell or otherwise alienate in the future, or any other form of alienation.

(c) The record date for determining savings account holders' rights to distribution under paragraph (b) shall be set by the converting institution's board of directors, but the date shall be not less than 90 days prior to the date of approval of the conversion plan by the directors.

(d) The proportionate share of voting capital stock subscription rights of each savings account holder of record shall be a fraction, the numerator of which is the total savings account balance of the account holder and the denominator of which is the total savings liability of the converting institution as of the record date determined in accordance with paragraph (c). Fractional shares need not be issued but subscription rights representing less than the initial stated value per share shall be issued and may be combined to authorize the subscription of one or more shares of stock.

(e) The plan shall demonstrate with particularity the substantial business benefit to the applicant that will result from the conversion.

(f) The plan shall provide that the conversion will not result in any insurance of accounts being canceled by the insuring agency, and will not result in a taxable reorganization under federal law.

(g) The plan shall provide for the election of directors on a staggered term basis.

(h) The plan shall contain other provisions, requirements or information and be in a form acceptable to the commissioner or other appropriate supervisory authority to enable a determination that substantial business benefit to the applicant will result from the conversion; that the plan is fair and equitable; that the interests of the applicant, its members or shareholders, its savings account holders and the public are adequately protected; and that the converting applicant has complied with the requirements of this section.

Subd. 6. Plan of conversion; capital stock to mutual. In any plan of conversion from capital stock form of organization to mutual form, the following requirements are mandatory:

(a) Each savings account holder shall receive without payment a withdrawable account of the same general class in the converted institution equal in amount and equal in time tenure to his withdrawable account in the converting capital stock institution.

(b) The plan shall specify how and in what amount the return of capital to each class of stockholder in the form of an exchange of stock for savings accounts shall be effectuated.

(c) The plan shall provide for allocation of voting rights to the holders of savings accounts and the manner of exercise thereof.

(d) The requirements of subdivision 5, clauses (e), (f), (g) and (h).

Subd. 7. Plan of conversion; mutual to mutual or stock to stock. In any conversion of a state association to a federally chartered association of like corporate form, or vice versa, the following requirements are mandatory:

(a) Each savings account holder shall receive a withdrawable account of the same general class in the converted institution equal in amount and equal in time tenure to his withdrawable account in the converted institution.

(b) Each savings account holder with voting rights or capital stockholder with voting rights, as the case may be, shall, to the extent permitted by law applicable to the converted institution, receive substantially identical voting rights in the converted institution.

(c) The requirements of subdivision 5, clauses (e), (f), (g) and (h).

Subd. 8. Certificate of conversion. If the commissioner or other appropriate supervisory authority finds that a conversion proceeding has been completed in accordance with the requirements of this section and any other applicable law and regulations, the authority shall issue to the applicant a certificate of conversion, attaching as a part of the certificate a copy of the charter, articles of incorporation, articles of association or similar instrument. The conversion shall not become effective until the issuance of the certificate as provided in this section.

Subd. 9. Succession. Upon the issuance to any applicant of a certificate of conversion as provided in subdivision 8, the corporate existence of the converting applicant shall not terminate, but the applicant shall be a continuation of the entity so converted and all property of the converted applicant, including its rights, titles, and interests in and to all property of whatever kind, whether real, personal, or mixed, things in action, and every right, privilege, interest, and asset of any conceivable value or benefit then existing, or pertaining to it, or which would inure to it, immediately, by operation of law and without any conveyance or transfer and without any further act or deed, shall vest in and remain the property of the converted applicant, and the same shall have, hold, and enjoy the same in its own right as fully and to the same extent as the same was possessed, held, and enjoyed by the converting applicant, and the converted applicant, upon issuance of the certificate of conversion, shall continue to have and succeed to all the rights, obligations and relations of the converting applicant. All pending actions and other judicial proceedings to which the converting applicant is a party shall not be abated or discontinued by reason of the conversion, but may be prosecuted to final judgment, order, or decree in the same manner as if the conversion had not been made, and the converted applicant may continue the actions in its new corporate name. Any judgment, order, or decree may be rendered for or against it which might have been rendered for or against the converting applicant theretofore involved in the proceedings.

Subd. 10. Appeal. Any association aggrieved by any action or inaction of the commissioner under this section may appeal therefrom and the proceedings shall be conducted pursuant to the provisions of the administrative procedure act relating to judicial review of agency decisions, sections 15.0424 to 15.0426, and the scope of judicial review in the proceedings shall be as provided therein.

History: 1981 c 276 s 9

51A.07 POWER TO REORGANIZE, MERGE OR CONSOLIDATE.

Pursuant to a plan adopted by the board of directors and approved by the commissioner as equitable to the members or stockholders of the association and as not impairing the usefulness and success of other properly conducted associations in the community, an association shall have power to reorganize or to merge or consolidate with another association or federal association within its primary lending area; provided, that the plan of the reorganization, merger, or consolidation shall be approved at an annual meeting or at any special meeting of the

members or stockholders called to consider the action by a vote of 51 percent or more of the total number of votes of the members cast in person or by proxy. In all cases the corporate continuity of the resulting corporation shall possess the same incidents as that of an association which has converted in accordance with sections 51A.01 to 51A.57. No association, directly or indirectly, shall convert or reorganize, or merge, consolidate, assume liability to pay savings accounts or other liabilities of, transfer assets in consideration of the assumption of liabilities for any portion of the savings accounts, deposits made in, or other liabilities of the association to, or acquire the assets of or assume liability to pay any liabilities of, any financial institution or any other organization, person, or entity, except as specifically authorized by sections 51A.01 to 51A.57. Any association aggrieved by any action or nonaction of the commissioner under this section may appeal therefrom and the proceedings shall be conducted pursuant to the provisions of the administrative procedure act relating to judicial review of agency decisions, sections 15.0424 to 15.0426, and the scope of judicial review in the proceedings shall be as provided therein.

History: 1981 c 276 s 10

51A.08 DISSOLUTION.

Subdivision 1. Notice and vote. Any association, by a vote of three-fourths of its members or stockholders eligible to vote at any regular meeting of its members or stockholders or at any special meeting called for that purpose, of which regular or special meeting at least ten days' written notice, specifying the matter to be considered under this section, shall have been mailed to each member or stockholder at his last recorded address, may, with the approval of the commissioner, voluntarily go into liquidation.

Subd. 2. Certificate of dissolution. Upon the vote, five copies of a certificate of dissolution, which shall state the vote cast in favor of dissolution, shall be signed by two officers and acknowledged before an officer competent to take acknowledgments of deeds. Five copies of the certificate shall be filed with the commissioner, who shall examine the association, and if he finds that it is not in an impaired condition, shall so note, together with his approval of the dissolution, upon all the copies of the certificate of dissolution. The commissioner shall place a copy in the permanent files of his office, file a copy with the secretary of state, and return the remaining copies to the parties filing the same. Notice of commissioner's approval shall be mailed to each member or stockholder and shall be published at least once in a qualified legal newspaper published at the principal place of business of the association.

Subd. 3. Association continues as corporate entity for sole purpose of winding up affairs. Upon approval, the association shall be dissolved and shall cease to carry on business but nevertheless shall continue as a corporate entity for the sole purpose of paying, satisfying, and discharging existing liabilities and obligations, collecting and distributing assets, and doing all other acts required to adjust, wind up, and dissolve its business and affairs.

Subd. 4. Directors to act as liquidating trustees. The board of directors shall act as trustees for liquidation as provided in this section. They shall proceed as quickly as may be practicable to wind up the affairs of the association and, to the extent necessary or expedient to that end, shall exercise all the powers of the dissolved association and, without prejudice to the generality of the authority, may fill vacancies, elect officers, carry out the contracts, make new contracts, borrow money, mortgage or pledge the property, sell its assets at public or private sale, or compromise claims in favor of or against the association, apply assets to the

discharge of liabilities, distribute assets in cash or in kind among savings account members of a mutual association or stockholders of a capital stock association according to their respective pro rata interests after paying or adequately providing for the payment of other liabilities, and perform all acts necessary or expedient to the winding up of the association. All deeds or other instruments shall be in the name of the association and executed by the president or a vice president and the secretary or an assistant secretary. The board of directors shall also have power to exchange or otherwise dispose of or to put in trust all, or substantially all, or any part of the assets, upon terms and conditions and for considerations, which may be money, stock, bonds, shares, or accounts of any insured association, or of any federal association, or other instruments for the payment of money; or other property, or other considerations, the board of directors deems reasonable or expedient, and may distribute considerations or the proceeds thereof, or trust receipts, or certificates of beneficial interest among the savings account members or stockholders in proportion to their pro rata interests therein. In the absence of fraud, any determination of value made by the board of directors for these purposes shall be conclusive.

Subd. 5. **Association subject to commissioner during liquidation.** The association, during the liquidation of the assets of the association by the board of directors, shall continue to be subject to the supervision of the commissioner, and the board of directors shall report the progress of the liquidation to the commissioner from time to time as he may require. Upon completion of liquidation, the board of directors shall file with the commissioner a final report and accounting of the liquidation. The approval of the report by the commissioner shall operate as a complete and final discharge of the board of directors and each member or stockholder thereof in connection with the liquidation of the association. No dissolution or any action of the board of directors in connection therewith shall impair any contract right between the association and any borrower or other person or persons or the vested rights of any member or stockholder of the association.

History: 1981 c 276 s 11

51A.09 MEETINGS OF MEMBERS OF MUTUAL ASSOCIATIONS.

Subdivision 1. **Annual and special.** An annual meeting of the members of each mutual association shall be held in the month of January, as fixed in the bylaws of the association. Special meetings may be called as provided in the bylaws.

Subd. 2. **Members entitled to vote.** The members who shall be entitled to vote at any meeting of the members shall be those 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 which members shall be entitled to cast shall be in accordance with the books on the date determinative of entitlement to vote.

Subd. 3. **Voting rights.** In the determination of all questions requiring action by the members, each member shall be entitled to cast one vote, plus an additional vote for each \$100 or fraction thereof of the withdrawal value of savings accounts, if any, held by the member. No member, however, shall cast more than 150 votes.

Subd. 4. **Voting by proxy.** At any meeting of the members, voting may be in person or by proxy, provided that no proxy shall be eligible to be voted at any meeting unless the proxy shall have been filed with the secretary of the association,

for verification, at least five days prior to the date of the meeting. Every proxy shall be in writing and signed by the member or his duly authorized attorney-in-fact and, when filed with the secretary, shall, unless otherwise specified in the proxy, continue in force from year to year until revoked by a writing duly delivered to the secretary or until superseded by subsequent proxies.

Subd. 5. **Quorum.** At an annual meeting or at any special meeting of the members, any number of members present in person or by proxy eligible to be voted constitutes a quorum. A majority of all votes cast at any meeting of members shall determine any question unless sections 51A.01 to 51A.57 specifically provide otherwise.

History: 1981 c 276 s 12

51A.091 STOCKHOLDERS OF STOCK ASSOCIATIONS.

Subdivision 1. **Meetings of stockholders.** An annual meeting of the stockholders of each capital stock association shall be held within 120 days after the annual closing of the association's books, as fixed in the bylaws of the association. Special meetings may be called as provided in the bylaws.

Subd. 2. **Stockholders entitled to vote.** The stockholders who shall be entitled to vote at any meeting of the stockholders shall be those who are stockholders of record on a date fixed in advance by the board of directors. The record date shall be not more than 60 days and not less than 20 days prior to the date of the meeting and if the board of directors fails to fix the date by the 20th day preceding the meeting, the record date shall be the 20th day preceding the meeting. When a determination of stockholders entitled to vote at any meeting has been made as provided in this section, the determination shall apply to any adjournment thereof.

Subd. 3. **Voting rights.** In the determination of all questions requiring action by the stockholders, each stockholder shall be entitled to cast one vote, for each share of voting stock recorded in his name on the books of the association on the record date fixed as provided in this section. At each election for directors every stockholder entitled to vote at the election shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote or to cumulate his votes by giving one candidate as many votes as the number of the directors to be elected multiplied by the number of his shares shall equal, or by distributing the votes on the same principle among any number of candidates.

Subd. 4. **Voting by proxy.** At any meeting of the stockholders, voting may be in person or by proxy. Every proxy shall be in writing and signed by the stockholder or his duly authorized attorney-in-fact and, when filed with the secretary, shall be valid for the specific meeting it is issued for unless revoked by a writing duly delivered to the secretary or until superseded by subsequent proxies.

Subd. 5. **Quorum.** At an annual meeting or at any special meeting of the stockholders, a majority of the outstanding shares of the association entitled to vote, represented in person or by proxy, constitutes a quorum. A majority of all votes cast at any meeting of stockholders shall determine any question unless Laws 1981, Chapter 276 specifically provides otherwise.

History: 1981 c 276 s 13

51A.10 MEMBERSHIP CHARGES PROHIBITED.

The mutual association shall not directly or indirectly charge any membership, admission, withdrawal, or any fee or sum of money for the privilege of

becoming, remaining, or ceasing to be a member of the mutual association, except reasonable charges upon the making or modification of a loan. Except as authorized by sections 51A.01 to 51A.57, the mutual 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.

History: 1981 c 276 s 14

51A.11 ACCESS TO BOOKS AND RECORDS; COMMUNICATION WITH MEMBERS OR STOCKHOLDERS.

Subdivision 1. Exclusiveness of access. Every member or stockholder shall have the right to inspect books and records of an association that pertain to his loan or savings account or the determination of his voting rights. Otherwise, the right of inspection and examination of the books and records shall be limited (1) to the commissioner or his duly authorized representatives as provided in sections 51A.01 to 51A.57, (2) to persons duly authorized to act for the association, and (3) to any federal or state instrumentality or agency authorized to inspect or examine the books and records of an insured association. The books and records pertaining to the accounts and loans of members or stockholders shall be kept confidential by the association, its directors, officers, and employees, and by the commissioner, his examiners and representatives, except where the disclosure thereof shall be compelled by a court of competent jurisdiction, and no member or stockholder or any other person shall have access to the books and records or shall be furnished or shall possess a partial or complete list of the members or stockholders except upon express action and authority of the board of directors.

Subd. 2. Communication with members or stockholders. In the event, however, that any member, members, stockholder, or stockholders desires to communicate with the other members or stockholders of the association with reference to any question pending or to be presented for consideration at a meeting of the members or stockholders, the association shall furnish upon request a statement of the approximate number of members or stockholders of the association at the time of the request, and an estimate of the cost of forwarding the communication. The requesting member, members, stockholder, or stockholders shall then submit the communication, together with a sworn statement that the proposed communication is not for any reason other than the business welfare of the association, to the commissioner who, if he finds it to be appropriate, truthful, and in the best interests of the association and its members or stockholders, shall execute a certificate setting out the findings, forward the certificate together with the communication to the association, and direct that the communication be prepared and mailed by the association to the members or stockholders upon the requesting member's, members', stockholder's, or stockholders' payment to it of the expenses of the preparation and mailing. If the commissioner finds the proposed communication to be inappropriate, untruthful, or contrary to the best interests of the association and its members or stockholders, he shall have the discretion to make any disposition of the request to communicate which he deems proper and he shall execute a certificate setting out the finding and deliver it to the requesting member or stockholder together with his order making disposition of the request.

Subd. 3. Applicability of section to federal associations. Insofar as the provisions of this section are not inconsistent with federal law, the provisions shall apply to federal associations whose principal offices are located in this state, and to the members or stockholders thereof, except that the communication and statement provided for in subdivision 2 shall be tendered to the federal home loan

bank board, Washington, D.C., in the case of a federal association and forwarded only upon that board's certificate and direction.

History: 1981 c 276 s 15

51A.12 FINANCIAL STATEMENT.

Every association shall prepare and publish annually within 30 days of the close of the association's fiscal year in a newspaper of general circulation in the county in which the principal office of the association is located, and shall deliver to each member or stockholder upon application therefor, a statement of its financial condition in the form prescribed or approved by the commissioner.

History: 1981 c 276 s 16

51A.13 DIRECTORS.

Subdivision 1. Association under direction of board of directors. The business of the association shall be directed by a board of directors of not less than five nor more than 15 as determined by, and elected by ballot from among, the members by a plurality of the votes of the members present. If authorized by vote of the members the directors may elect all directors. At all times at least two-thirds of the directors shall be bona fide residents of this state.

Subd. 2. Qualifications required of directors of mutual associations. In order to qualify as a director, a member of a mutual association must hold individually, or jointly with his spouse, a savings account, the withdrawal value of which is at least \$500; provided that, if the assets of the association exceed \$5 million, the withdrawal value of the account must be at least \$1,000. Except with the written consent of the commissioner, no member shall be eligible for election or shall serve as a director or officer of an association who has been adjudicated a bankrupt or convicted of a criminal offense involving dishonesty or a breach of trust. A director shall automatically cease to be a director when he ceases to be a member, or when he is adjudicated a bankrupt or is convicted of a criminal offense as herein provided, or when the net equity above loans of all savings accounts in the association held by him aggregates less than the minimum required to be eligible for election as a director, but no action of the board of directors shall be invalidated through the participation of the director in the action; provided, that if a director becomes ineligible under the terms of this subdivision by reason of the exercise by the association of the right of redemption of savings accounts provided for in section 51A.34, he shall remain validly in office until the expiration of his term or until he otherwise becomes ineligible, resigns, or is removed, whichever may occur first.

Subd. 2a. Qualifications required of directors of stock associations. In order to qualify as a director of a capital stock association each director shall own and hold shares of voting capital stock of the association unencumbered with a par or stated value of not less than \$500, provided that, if the total assets of the association exceed \$5,000,000, a director must own and hold shares of not less than \$1,000. Except with the written consent of the commissioner, no person shall be eligible for election or shall serve as director or officer of an association who has been adjudicated a bankrupt or convicted of a criminal offense involving dishonesty or a breach of trust. A director shall automatically cease to be a director when he is adjudicated a bankrupt or is convicted of a criminal offense as herein provided or when the par or stated value of the shares of voting capital stock of the association held by him aggregates less than the minimum required to be eligible for election as a director.

Subd. 3. **Classification of directors.** At the first annual meeting, the members shall by majority vote divide the directors into three classes of as nearly equal numbers as possible. The term of office of directors of the first class shall expire at the annual meeting next after the first election; of the second class, one year thereafter; and of the third class, two years thereafter; and at each annual election thereafter directors shall be chosen for a full term of three years to succeed those whose terms expire.

Subd. 4. **Number of directors changed only by members.** The authorized number of directors determined by the members within the limits hereinabove specified may subsequently be increased or decreased only by vote of the members.

Subd. 5. **How vacancy on board of directors caused by increase in number of directors is to be filled.** If the members fail to elect a director to fill each vacancy created by any increase, the directors may fill the vacancy by electing a director to serve until the next annual meeting of the members, at which time a director shall be elected to fill the vacancy for the unexpired term for the class of director in which the vacancy exists.

Subd. 6. **Classification of new directors elected to fill vacancies.** Whenever under the provisions hereof the number of directors is changed and vacancies caused by the change are filled, the directors so elected shall be classified in accordance with the provisions hereof, so that each of the three classes shall always contain numbers as nearly equal as possible.

Subd. 7. **When vacancy on board of directors may be filled by directors.** Any vacancy among directors, not so filled by the members, may be filled by a majority vote of the remaining directors, though less than a quorum, by electing a director to serve until the next annual meeting of the members, at which time a director shall be elected to fill the vacancy for the unexpired term for the class of director in which the vacancy exists. In event of a vacancy on the board of directors from any cause, the remaining directors shall have full power and authority to continue direction of the association until the vacancy is filled.

History: 1981 c 276 s 17

51A.15 TRANSACTIONS OF OFFICERS AND DIRECTORS.

[For text of subds 1 to 6, see M.S.1980]

Subd. 7. **Voting rights; office.** No officer or director acting as proxy for a member or stockholder of an association shall exercise, transfer, or delegate the vote or votes in any consideration of a private benefit or advantage, direct or indirect, accruing to himself, nor shall he surrender control or pass his office to any other for any consideration of a private benefit or advantage, direct or indirect. The voting rights of members, stockholders, and directors shall not be the subject of sale, barter, exchange, or similar transaction, either directly or indirectly. Any officer or director who violates the provisions of this section shall be held accountable to the association for any increment.

[For text of subds 8 and 9, see M.S.1980]

History: 1981 c 276 s 18

51A.19 RECORDS.

Subdivision 1. **Records to be kept at principal office.** Every association shall keep at the principal office correct and complete books of account and minutes of

the proceedings of members, directors, stockholders, and the executive committee. Complete records of all business transacted at the principal office shall be maintained at the principal office. Control records of all business transacted at other offices shall be maintained at the principal office.

[For text of subds 2 to 10, see M.S.1980]

Subd. 11. Maintenance of stockholder records; report to commissioner. Every capital stock association shall at all times keep an accurate verified list of all its stockholders with the amount of stock held by each, the type of stock, voting status, the dates of all issuances and transfers, and names of transferees, and shall annually file a copy of the list as it appears on the date of the annual stockholders meeting with the commissioner. A capital stock association has the power to employ the services of a transfer agent to maintain stockholder records and perform stock transfer services. Whenever a change occurs in the outstanding voting stock of any capital stock association which will result in control or in a change in the control of the association it shall promptly report the facts to the commissioner of banks. As used in this subdivision the term "control" means the power to directly or indirectly direct or cause the direction of the management or policies of the association. A change in ownership of capital stock which would result in direct or indirect ownership by a stockholder or an affiliated group of stockholders of less than 25 percent of the outstanding capital stock shall not be considered a change of control. If there is any doubt as to whether a change in the outstanding voting stock is sufficient to result in control thereof or to effect a change in control thereof, the doubt shall be resolved in favor of reporting the facts to the commissioner.

Subd. 12. Commissioner may require forms and other records. Every association shall use the forms and keep the records, including without limitation, those of its members or stockholders, the commissioner from time to time requires.

Subd. 13. Reproduction and destruction of records. Any association may cause any or all records kept by the association to be copied or reproduced by any photostatic, photographic, or microfilming process which correctly and permanently copies, reproduces, or forms a medium for copying or reproducing the original record on a film or other durable material, and the association may thereafter dispose of the original record. Any copy or reproduction shall be deemed to be an original record for all purposes and shall be treated as an original record in all courts or administrative agencies for the purpose of its admissibility in evidence. A facsimile, exemplification, or certified copy of any copy or reproduction reproduced from a film record shall, for all purposes, be deemed a facsimile, exemplification or certified copy of the original record.

History: 1981 c 276 s 19-22

51A.20 RESERVE ACCOUNTS; SURPLUS AND UNDIVIDED PROFITS.

Subdivision 1. Mutual associations. Every association shall set up and maintain the reserves required by, and may set up and maintain additional reserves permitted by, sections 51A.01 to 51A.57. On or before the closing date of each accounting period, after payment of or provision for all expenses, each association shall transfer to a separate reserve account, which shall be set up and maintained for the sole purpose of absorbing losses (termed in sections 51A.01 to 51A.57 "general reserve"), an amount equal to at least ten percent of its net income or, in the case of an association which at the close of the period has assets in excess of \$20 million or which has done business as a savings association in this state for more than 20 years, the greater of ten percent of its net income or an

amount equal to the difference between four percent of its assets, excluding liquid assets, at the end of the period and the amount of its general reserve at the beginning of the period, until the general reserve is equal to at least ten percent of the savings liability. Upon advance written application of an association, the commissioner, acting in his sole discretion, may approve the transfer to the general reserve of a lesser amount for the period; provided, that the reduction shall not be greater than that of federal regulations. In the event that any credit to the general reserve is made following July 1, 1969, in excess of the minimum requirement, the dollar amount of any excess may be carried over as a credit toward the minimum requirement of any subsequent period. If and whenever the general reserve is not equal to at least ten percent of its savings liability, credits, as above provided, shall again be made to the general reserve until it shall again be equal to at least ten percent of its savings liability. The board of directors may make additional transfers to surplus or other reserve accounts. Interest receivable on all loans shall be accrued monthly and an evaluation account shall be maintained equivalent to all accrued and uncollected interest. On or before each closing date, after payment or provision for all expenses and appropriate transfers to reserves, the remainder of net income for the period shall be credited to the undivided profits account.

Subd. 2. Capital stock associations. At the end of each dividend period, after deducting all necessary expenses and losses, all of the remaining net profits for the period shall be set aside as a surplus fund provided the surplus fund of the association is not equal to at least 25 percent of outstanding capital stock. If the surplus fund is equal to or exceeds 25 percent of outstanding capital stock, ten percent of the remaining net profits for the period shall be set aside as a surplus fund until it equals 50 percent of the capital stock. The directors may then declare a dividend of so much of the remainder as they may deem expedient, subject to the commissioner's approval.

History: 1981 c 276 s 23

51A.21 POWERS OF ASSOCIATION.

[For text of subds 1 to 4, see M.S.1980]

Subd. 5. Borrowing. If and when an association is not a member of a federal home loan bank, to borrow from sources, individual or corporate, not more than an aggregate amount equal to one-fourth of its savings liability on the date of borrowing and additional sums the commissioner approves. If and when an association is a member of a federal home loan bank, to secure advances of not more than an aggregate amount equal to one-half of its savings liability; within the amount equal to one-half of its savings liability, the association may borrow from sources, individual or corporate other than the federal home loan bank, an aggregate amount not in excess of 20 percent of its savings liability. Sources of borrowing other than financial institutions or federal home loan banks shall require advance written approval of the commissioner, acting in his sole discretion. A subsequent reduction of savings liability shall not affect in any way outstanding obligations for borrowed money. All loans and advances may be secured by property of the association, and may be evidenced by notes, bonds, debentures, or other obligations or securities, (except capital stock and capital certificates) the commissioner authorizes for all associations; provided, that authorization by the commissioner shall not be required in the case of securities guaranteed pursuant to Section 306(g) of the National Housing Act of 1934, as amended.

[For text of subds 6 to 16, see M.S.1980]

Subd. 16a. **Trustee of individual housing accounts.** Upon application to and approval by the commissioner, to act as trustee of individual housing accounts established pursuant to the provisions of section 290.08, subdivision 25.

[For text of subds 17 to 19, see M.S.1980]

Subd. 20. **Capital certificates.** To issue and sell, directly or through underwriters, capital certificates which shall represent nonwithdrawable capital contributions, and constitute part of the reserves and net worth of the association. The certificates shall have no voting rights, shall be subordinate to all savings accounts, debt obligations, and claims of creditors of the association and shall constitute a claim in liquidation against any reserves, surplus, and other net worth accounts remaining after the payment in full of all savings accounts, debt obligations, and claims of creditors. The capital certificates shall be entitled to the payment of earnings prior to the allocation of any income to surplus or other net worth accounts of the association and may be issued with a fixed rate of earnings or with a prior claim to distribution of a specified percentage of any net income remaining after required allocations to reserves, or a combination thereof. Losses shall be charged against capital certificates only after reserves, surplus, and other net worth accounts have been exhausted.

Subd. 21. **Dividends on capital stock.** To declare and pay dividends on capital stock in cash or property out of the unreserved and unrestricted earned surplus of the association, or its own shares from time to time except when the association has failed within the preceding 12 months to make any minimum allocation to surplus or reserve accounts required by section 51A.20 or to maintain any minimum required level, and except when the association is in an impaired condition or when the payment thereof would cause the association to be in an impaired condition. A split-up or division of the issued shares of capital stock into a greater number of shares without increasing the state capital of the association is authorized, and shall not be construed to be a dividend within the meaning of this section.

History: 1981 c 276 s 24-26; 1Sp1981 c 1 art 9 s 3

51A.22 SAVINGS LIABILITY.

Subdivision 1. **Operation of savings liability.** The savings liability of an association shall consist only of the aggregate amount of savings accounts, plus earnings credited to the accounts, less redemption and withdrawal payments. Except as limited by the board of directors from time to time, an account holder may make additions to his savings accounts in the amounts and at times he elects. Savings accounts may be opened for cash or property in which the association is authorized to invest, and, in the absence of fraud in the transaction, the value of the property taken in payment therefor as determined by the board of directors shall be conclusive. The account holders of an association shall not be responsible for any losses which its savings liability shall not be sufficient to satisfy, and savings accounts shall not be subject to assessment, nor shall the holders thereof be liable for any unpaid installments on their accounts. Earnings shall be declared in accordance with the provisions of sections 51A.01 to 51A.57. Except as provided in section 51A.32, no association shall prefer one of its savings accounts over any other savings account as to the right to participate in earnings. No preference between savings account holders shall be created with respect to the distribution of assets upon voluntary liquidation, dissolution, or winding up of an association. No association shall issue, sell, negotiate, or advertise for issuance or sale to savings account holders any type of savings or investment media other than

savings accounts, nor shall it contract with respect to the savings liability in a manner inconsistent with the provisions of sections 51A.01 to 51A.57.

Subd. 2. Amount of savings liability. The savings liability of a mutual association is not limited. The savings liability of a stock association shall not exceed a sum which is 30 times the amount of its capital stock and its actual surplus. For purposes of this subdivision capital certificates outstanding pursuant to section 51A.21, subdivision 20, may be included in the definition of capital stock.

History: 1981 c 276 s 27

51A.251 MARRIED PERSONS AND MINORS.

An association and any federal association may issue savings accounts or negotiable order of withdrawal accounts to any married person or minor as the sole and absolute owner of the account, and receive payments thereon by or for the other, and pay withdrawals or drafts, accept pledges to the association, and act in any other manner with respect to the accounts on the order of the married person or minor. Any payment or delivery of rights to a married person or to any minor, or a receipt of or acquisition signed by a married person or by a minor who holds an account, shall be a valid and sufficient release and discharge of the association for any payment so made or delivery of rights to the married person or minor. In the case of a minor, the receipt, acquittance, pledge or other action required by the association to be taken by the minor shall be binding upon the minor as if he were of full age and legal capacity. The parent or guardian of the minor shall not in his capacity as parent or guardian have the power to attach or in any manner to transfer any account issued to or in the name of the minor; provided, however, that in the event of the death of the minor the receipt or acquittance of either parent or of a person standing in loco parentis to the minor shall be a valid and sufficient discharge of the association for any sum or sums not exceeding in the aggregate \$2,500 unless the minor shall have given written notice to the association to accept the signature of the parent or person.

History: 1981 c 276 s 28

51A.33 WITHDRAWAL.

Any savings account member or authorized representative may at any time present a written application for withdrawal of all or any part of his savings accounts. Every application shall request immediate withdrawal of a stated amount in accordance with this section. Any member may cancel an application at any time in whole or in part by a writing. Every association shall pay or number, date, and file in the order of actual receipt every withdrawal application. Withdrawals shall be made in the order of actual receipt of applications, except as provided in this section. Upon receipt of a withdrawal request signed by the person or persons authorized to withdraw by the savings account contract or by operation of law, an association shall pay the amount stated thereon in the form of cash or one or more checks or similar instruments payable to the order of any person or to the order of others as directed, or transfer credits to the account or accounts of others in the institution as directed, but not in excess of the withdrawal value of the savings account or accounts, together with any earnings which may have been declared and may have accrued thereon for the current period. If an association so elects, it may at any time pay in full each and every application as presented. It shall not, however, pay some in full unless it pays every application on file in full, except by paying all applications on file on the rotation system prescribed in this section. The board of directors, however, shall

have an absolute right to pay upon any application not exceeding \$200 to any one savings account member in any one month in any order. No association can obligate itself to pay withdrawals on any plan other than as provided in sections 51A.01 to 51A.57. Savings account holders who have filed written applications for withdrawal shall remain savings account members so long as their applications remain on file. No earnings shall be declared upon that portion of an account which has been noticed for withdrawal, which for earnings purposes is required to be deducted from the latest previous additions to such account, so long as application is on file. The rotation system for payment of withdrawals is as follows: On the first day of each month, each application which has been on file since the first day of the preceding month and which is reached in order shall be paid \$1,000 on account, or in full if the amount noticed for withdrawal or the unpaid balance of the application is less than \$1,000. Each application for more than \$1,000 so paid shall be deemed refiled as if filed on that day. Limited payment on the first day of each month and renumbering shall take place on the first day of each subsequent month as long as there are applications unpaid. At least one-third of the receipts of an association from its members during the preceding calendar month shall be applied on the first day of each month to the payment of applications which have been on file since the first day of the preceding month. Any association may apply to withdrawals an amount larger than one-third of the receipts, but cannot obligate itself to do so. When an application to withdraw is reached for payment as above provided, a written notice shall be sent to the applicant by mail at his last address recorded on the books, and unless the applicant shall apply in person or in writing for the withdrawal within 30 days from the date of the notice, no payment on account of the application shall be made and the application shall be cancelled. In no event shall an association voluntarily or involuntarily delay or postpone the whole or partial payment of the value of any savings account pursuant to a written withdrawal application by a savings account member for a period exceeding 30 days following the receipt of the application without first securing written permission, in the case of an association the accounts of which are not insured by the federal savings and loan insurance corporation, from the commissioner, or in the case of an association the accounts of which are insured by the federal savings and loan insurance corporation, from the corporation. If the association is under control of a conservator appointment pursuant to section 51A.45, subdivision 2, withdrawal shall be governed by the lawful rules and orders of the conservator.

History: 1981 c 220 s 13

51A.36 [Repealed, 1981 c 182 s 6]

51A.361 RESERVES.

An association shall maintain reserves in the form of liquid assets, as defined in section 51A.02, subdivision 12, at a level reasonably necessary to meet anticipated withdrawals, commitments, and loan demand. The commissioner of banks may prescribe the required amount of reserves for any individual association from time to time based upon examination findings or other reports relating to the association that are available to the commissioner. The determination by the commissioner of a required amount of reserves for an association shall not be considered a rule as defined by section 15.0411, subdivision 3. Reserves for an individual association as prescribed by the commissioner pursuant to this section shall be enforced in accordance with sections 46.24 and 46.30 to 46.33.

History: 1981 c 182 s 4

51A.49 [Repealed, 1981 c 276 s 32]

51A.50 FEDERAL SAVINGS ASSOCIATIONS.

Federal savings associations or federal savings and loan associations, incorporated pursuant to the laws of the United States, as now or hereafter amended, are not foreign corporations or foreign associations. Unless federal laws or regulations provide otherwise, federal associations and the members or stockholders thereof shall possess all of the rights, powers, privileges, benefits, immunities, and exemptions that are now provided or that hereafter may be provided by the laws of this state for associations organized under the laws of this state and for the members or stockholders thereof. This provision is additional and supplemental to any provision which, by specific reference, is applicable to federal associations and the members or stockholders thereof.

History: 1981 c 276 s 29

51A.52 DIRECTORS, EMPLOYEES, MEMBERS, AND STOCKHOLDERS OF ASSOCIATION MAY ACKNOWLEDGE INSTRUMENTS TO WHICH IT IS A PARTY.

No public officer qualified to take acknowledgments or proofs of written instruments shall be disqualified from taking the acknowledgment or proof of any instrument in writing in which an association is interested by reason of his membership in, stockholder interest in, or employment by an association so interested, and any acknowledgments or proofs heretofore taken are hereby validated.

History: 1981 c 276 s 30

51A.53 POWERS OF FEDERAL SAVINGS AND LOAN ASSOCIATIONS; APPROVAL.

Subject to the approval of the commissioner, any savings and loan association organized under sections 51A.01 to 51A.57 is hereby vested with all the powers conferred upon a federal savings and loan association organized under the laws and regulations of the United States or its agencies, as amended, as fully and completely as if the powers were specifically enumerated and described herein, provided that the same are not specifically prohibited by state law.

History: 1981 c 276 s 31