

CHAPTER 81

SECURITIES DIVISION; COLONIZATION

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81.01 STATE COLONIZATION COMMISSION. The commissioner of securities, hereinafter called the commissioner, shall have power to employ such attorneys, appraisers, experts, assistants, clerks, and other employees as he may deem necessary for state colonization, whose salaries shall be fixed by him, subject to the provisions of Laws 1939, Chapter 441. No expenditures shall be incurred in excess of the moneys provided by the provisions of this chapter.

The commissioner shall biennially make a full report of the operations relating to state colonization to the president of the senate and the speaker of the house, who shall cause the same to be printed for the information of the members. This report shall constitute an accurate review of the work for the two years preceding the date of the report and contain a schedule of all applications for the flotation of bonds issued under the provisions of this chapter, a schedule of all approved bond issues, a schedule of all rejected bond issues, and a statement of receipts and disbursements, and such other material information as relates to the work of state colonization.

It shall be the duty of the commissioner to further proper efforts in land settlement work within the state by preparing from time to time bulletins setting forth the principal features of this chapter and through the medium of the press disseminate information in regard to its endeavors and purpose.

[1921 c. 330 s. 1; 1925 c. 426 art. 8 s. 3; 1925 c. 426 art. 18 s. 2] (53-30) (53-45) (6058)

81.02 POWERS. The commissioner shall have power, subject to the limitations and requirements of this chapter:

(1) To receive applications from organized corporations, associations, or companies engaged in colonization and land settlement work, having a paid-up capital stock of not less than \$25,000, for the authorization of any of these corporations, associations, or companies to operate under the provisions of this chapter;

(2) To approve or reject such applications; upon approval the commissioner shall issue his certificate authorizing any of these corporations, associations, or companies to operate under the provisions of this chapter, which certificate shall be revocable for cause;

(3) To approve or reject any applications made by qualified colonization and land settlement corporations, associations, or companies for the flotation of bonds bearing the approval of the commissioner; and, if approved, to endorse upon the face of each of the bonds issued thereunder the words, "This bond is of an issue approved by the Commissioner of Securities of the State of Minnesota and is secured by a certain trust deed (briefly describing the same)";

(4) To charge applicants under this chapter reasonable fees to cover the actual appraisal and determination of the title costs; provided, that the commissioner can make such regulations requiring the giving by such applicants of proper bonds to indemnify the commissioner against any loss in the incurring of such expenses on behalf of such applicants; and

(5) To do all things necessary for the proper and efficient conduct of the business relating to state colonization and in furtherance of the purposes of this chapter.

[1921 c. 330 s. 2] (6059)

81.03 APPLICATIONS TO ISSUE BONDS. When an application for the flotation of bonds bearing the approval of the commissioner is made by a qualified colonization and land settlement corporation, association, or company to the commissioner the application shall be referred to one or more of the appraisers appointed by the commissioner and such appraisers shall investigate and make a written report upon the land offered as security for such bond issue. No such application

shall be favorably acted upon by the commissioner unless the appraisers' written report is favorable. The land settlement appraisers appointed by the commissioner shall make such examinations and appraisals and conduct such investigations as the commissioner shall direct.

[1921 c. 330 s. 3] (6060)

81.04 RESTRICTIONS. The commissioner shall not approve the flotation of any bonds under any colonization or land settlement project except when such project is made upon the following terms and conditions:

(1) The bonds shall be secured by duly recorded trust deeds executed by the colonization corporation, association, or company on agricultural lands within the state;

(2) The premises conveyed by such trust deeds must be held by the colonization company grantor in fee simple absolute and free from all encumbrances, subject to land contracts executed and delivered by the grantor to actual settlers on such premises; the term "encumbrance" shall not include ditch, drainage, road, and like assessments levied by the state or any subdivision thereof for a public purpose; and the term "fee simple absolute" shall not necessarily include mineral rights;

(3) If a trust company organized under the laws of this state is not designated as trustee in such deed of trust, the commissioner shall inquire into and determine the financial responsibility of the person, firm, or corporation proposed as such trustee; and such trustee must be approved by the commissioner before any bonds bearing his approval may be issued thereon; such trust deeds must designate the trustee as holding such premises as security for the holders of any bonds issued thereupon and bearing the approval of the commissioner; such trust deeds must contain authorization to the trustee to release any and all lands covered thereby from the lien, operation, and effect of such deed of trust; provided, that it shall become the duty of the trustee to release any and all lands upon which the settler has completed his payments and is entitled to a deed therefor from the grantor;

(4) The commissioner shall determine the interest rate to be paid upon bonds of any such issue; no bonds issued by the colonization company shall receive the approval of the commissioner when its bonded indebtedness is in excess of 20 times the amount of its capital and surplus;

The interest rate to be paid upon land contracts and mortgages owned by such companies pledged as security for an issue of bonds bearing the approval of the commissioner under the terms of this chapter shall not exceed by more than one per cent per annum the rate of interest to be paid upon the bonds of that issue;

(5) No rate of interest exceeding seven per cent per annum upon the unpaid principal of the purchase money due on his contract, or upon the principal sum due on his mortgage, shall be paid by any settler upon lands covered by any trust deed executed under the provisions of this chapter; the commissioner may fix a lesser interest rate on such contracts and mortgages;

(6) All land contracts issued to settlers upon premises covered by these deeds of trust shall be assigned by the grantor to the trustee and shall be held by the trustee as a part of the security underlying the bonds issued; the payment of such land contracts shall be guaranteed by the grantor in such deeds of trust;

(7) No bonds shall be issued bearing the approval of the commissioner upon any trust deed in amount in excess of 60 per cent of the unpaid balance of the purchase money due the grantor from the settlers upon their land contracts; provided, that not more than 20 per cent of the land contracts issued upon lands covered by any trust deed shall have more than 80 per cent of the purchase money unpaid thereon; not more than 20 per cent of such land contracts shall have more than 70 per cent and less than 80 per cent of the purchase money unpaid thereon; and not less than 40 per cent of such land contracts shall have less than 50 per cent of the purchase money unpaid thereon; first mortgages executed by settlers on lands covered by such trust deeds can be considered the same as land contracts for the purposes of this chapter; the commissioner may accept land contracts issued by the grantor to soldiers, sailors, or marines honorably discharged from the service of the United States and actual settlers upon the lands covered thereby, as proper security underlying such bond issues although not more than ten per cent of the purchase price of such lands has been paid at that time; not more than 50 per cent of the security underlying any certain bond issue can be made up of land contracts executed to soldiers, sailors, or marines honorably discharged from the service of

the United States and upon which not more than 20 per cent of the purchase price has been paid;

(8) A sum equal to one-eighth of one per cent of the face value of all bonds issued by qualified colonization or land settlement corporations, associations, or companies bearing the approval of the commissioner, under the terms of this chapter, must be paid by the colonization company at the time of the issuance of such bonds and annually thereafter. The sum so paid to the commissioner shall be deposited with the state treasurer and shall constitute a revenue fund to cover costs of operation and as such be subject to the disposal of the commissioner. The amount must be paid by such colonization companies independent of the actual appraisal and determination of title costs, for which a separate charge is made.

[1921 c. 330 s. 4] (6061)

81.05 APPROVAL OF BONDS. When the commissioner has approved any issue of bonds in accordance with the provisions of this chapter he shall request the grantor in the trust deed securing same to furnish him with printed bonds properly executed by such colonization company. Upon receipt of such bonds properly executed the commissioner shall endorse his approval thereon.

It shall be the duty of the trustee to see that the bonds outstanding by virtue of any trust deed shall be secured by payments due on land contracts or mortgages on lands covered thereby, as provided by this chapter, at least equal to twice the amount of such bonds. The commissioner may at any time call upon any colonization company for additional security to protect the bonds issued by it under the provisions of this chapter.

Every colonization company issuing bonds bearing the approval of the commissioner shall be primarily liable therefor and in nowise can the commissioner be considered as incurring any liability thereon.

[1921 c. 330 s. 5] (6062)

81.06 BONDS. All bonds issued under the terms of this chapter shall be issued in denominations of \$25.00, \$50.00, \$100.00, \$500.00, or \$1,000; they shall run for a specified minimum and maximum period subject to payment and retirement, at the option of the colonization company, at any time after five years from the date of their issue. They shall have interest coupons attached, payable semiannually, and shall be issued in series of not less than \$25,000, the amount and terms to be fixed by the commissioner. They shall bear a rate of interest of one per cent less than the securities underlying the bonds issued.

The commissioner shall prescribe rules and regulations concerning the circumstances and manner in which these bonds shall be paid and retired under the provisions of this chapter.

The colonization company, grantor in any trust deed, may, with the approval of the commissioner and in such amounts as he may determine, substitute, as security underlying any bond issue, cash or any obligations of the United States government.

[1921 c. 330 s. 6] (6063)