

No adjournment or intermission whatever shall take place until the polls shall be closed and until all the votes cast at such polls have been counted and the result publicly announced; but this shall not be deemed to prevent any temporary recess while taking meals or other necessary delay, *provided* that the board shall remain in session and that no more than one member of the board of election shall at any time be absent from the polling place.

Announcing
result.

SEC. 2. This act shall take effect and be in force from and after its passage.

Approved March 31, 1905.

CHAPTER 93.

H. F. No. 244.

An act entitled an act authorizing the formation of corporations to loan money on farm mortgages, to deal in mortgages on farm lands, and to issue and negotiate debentures thereon.

Corporations
to loan
money.

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

SECTION 1. Any three or more persons may form a corporation for the purpose of loaning its money on first mortgages on improved farm lands, and of buying such mortgages and of issuing and negotiating its debentures thereon: such corporation to have the power of executing all contracts, incumbrances, transfers, releases and other instruments necessary to the transaction of such business.

Formation.

SEC. 2. Such corporation shall have a paid up capital of at least one hundred thousand dollars (100,000), and the word "debenture" shall be a part of its corporate name.

Capital
stock.

SEC. 3. Before the execution of the certificate of incorporation of any such corporation, its proposed name shall be submitted to the public examiner, who shall compare it with those of corporations operating in this state, and if it is likely to be mistaken for any of them, or to confuse the public as to the character of its business, or is otherwise objectionable, additional names shall be submitted until a satisfactory one is selected, whereupon he shall issue his certificate of approval thereof.

Name of
corporation;
submit to
public ex-
aminer.

SEC. 4. Within ninety days after the adoption of its by-laws, or of any amendment thereof, a certified copy of the same shall be filed with the public examiner.

SEC. 5. The mortgages taken by such corporation in each instance must be a first lien upon the land described therein, the major portion of which land shall be tillable, the whole thereof in actual use for farming purposes; and worth at least twice the amount of the mortgage taken thereon.

SEC. 6. Such corporation may issue and negotiate its debentures in the following manner:

1st. The debentures may be issued in series of not less than \$10,000 each, the respective series to be identified by a common serial letter, and the debentures of a given series to be numbered consecutively.

2nd. As security for the total amount of any given series of debentures, there shall be set apart, in the manner provided by this act, mortgages aggregating in amount at least ten per cent more than the total amount of such debentures.

3rd. Such corporation shall file for record in the office of the register of deeds in each county in which the mortgages securing any given series of debentures are recorded an instrument of transfer, which shall contain a description of each of such mortgages in such county, and shall recite that such mortgages are held by such corporation as security for a certain series of its debentures, giving the date, amount, serial letter and number of each said debentures; when so recorded such instrument shall have the effect to transfer and assign every such mortgage to such corporation as trustee, to be thereafter held by it for the use and benefit of the holder or holders of such debentures.

4th. Such corporation shall file with the public examiner, before any series of debentures are negotiated, an instrument giving the description of such series, showing the date, serial letter, number, amount and terms of each debenture, a description of each mortgage held to secure the same, the appraised value of each tract of land described therein, and the date and place of record of the instrument of transfer required by subdivision 3.

A record of such instrument shall be made by the public examiner in a book to be kept for that purpose; at the time such record is made the public examiner shall certify on each of such debentures that the provisions of this section have been fully complied with.

SEC. 7. All debentures may be made for such length of time as the corporation may fix, but they shall be sub-

File with
register of
deeds.

File with
public
examiner.

Record.

ject to call and payment as the mortgages securing the same are paid, upon the conditions following:

In case of the payment of a mortgage securing any debentures before their maturity, the money so received may be reinvested in the same manner as provided in section V., and the mortgage or mortgages so received shall take the place of the mortgage so paid; or, mortgages aggregating a like amount or more, belonging to said company which are not otherwise pledged and not belonging to its reserve fund, may be substituted for the mortgage so paid; and in either case the same instrument shall be executed and filed and the same record shall be made in the office of the register of deeds and in the office of the public examiner as provided in section VI.; and until such reinvestment is made the money received in payment of any mortgage held as security for any debentures shall not be mingled with the fund otherwise belonging to such corporation, but shall at all times be kept separate and distinct, and if such funds are not reinvested within six months after the receipt thereof, then and thereupon debentures to the amount of such payment shall be called in and paid upon such terms as may be provided therein.

Re-invest-
ment of
money.

SEC. 8. All payments of principal on mortgages securing any series of debentures made during any quarter year shall be reported to the public examiner on or before the tenth day of the following quarter, unless often-er required by the public examiner. which report shall show what reinvestments have been made thereof, and in like manner, report shall be made of the payment and discharge of all debentures during such quarter. If the aggregate of the mortgages securing any series of debentures shall at any time exceed more than ten per cent of the total of such debentures, such corporation may retain from any payment on the principal of any such mortgages the amount of such excess.

Report to
public
examiner.

SEC. 9. No new debentures shall be negotiated while any default exists in any of the mortgages held as security for any previous issue of debentures, without first complying with all requirements of this act concerning mortgages in default, nor while default exists in the payment of any portion of the interest or principal due on any debenture previously issued.

SEC. 10. If there shall at any time be an impairment of the capital of any such corporation no debentures shall

Impairment
of capital.

be thereafter issued until the stockholders have paid into the treasury of such corporation the amount necessary to restore such capital, and a certificate showing that the same has been done shall be given to such corporation by the public examiner.

Books open
for in-
spection.

SEC. 11. The books, records and papers of such corporation pertaining to any series of debentures shall be open for the inspection of the holder of any debenture of such series, and such corporation shall at the request of such holder furnish a statement giving a complete description of all mortgages held as security for such debentures.

SEC. 12. Such corporation shall not at any time incur any indebtedness, except upon its debentures, and for the usual and necessary expenses incident to the transaction of its business.

Officers
restricted.

SEC. 13. No officer, director, stockholder, agent or servant of such corporation shall directly or indirectly in any manner use any of the funds of the corporation, except in its regular business transactions; neither shall any loan be made to any such officer, director, stockholder, agent, or servant, nor shall they or either of them become surety in any manner for any debt due or payable to such corporation.

SEC. 14. The debentures of such corporation shall be lawful investments for any trust company, life or fire insurance company organized under the laws of this state and for trust funds in charge of any trustee unless expressly restricted by the person or persons creating such trust, provided, that not more than twenty per centum of the capital of any such company or of any such trust funds may be so invested.

SEC. 15. Such corporation may sell, and for that purpose assign, transfer and deliver any of its mortgages not pledged as security for any of its debentures, and not belonging to its reserve fund.

Dividends.

SEC. 16. At the end of each dividend period after deducting all necessary expenses, losses, interest and taxes due or levied, and after setting apart out of the net profits a sum sufficient to cover any amount then in default on any of the mortgages securing any series of debentures, one-fifth of the remaining net profits for such period shall be set aside as a reserve fund until the same equals one-half of the capital stock. The directors may then declare

a dividend of so much of the remainder as they may deem expedient.

Whenever in any way impaired such reserve fund shall be raised to such percentage in like manner. The reserve fund may be invested in the manner provided in section V., but no debentures shall be issued on such mortgages.

SEC. 17. In case default shall be made in the payment of the principal or interest due on any mortgage securing any series of debentures for the period of sixty days, such fact shall thereupon be reported to the public examiner, and if such default shall not be removed within thirty days thereafter, the amount so in default shall be charged to the reserve fund, and mortgages or cash belonging to the reserve fund aggregating the amount so in default, shall be transferred from the reserve fund to the debenture fund, and if there be not mortgages or funds in the reserve fund sufficient for this purpose, the balance remaining shall be taken from any funds belonging to such corporation.

Default in payments.

All cash so transferred to such debenture fund shall be treated as a payment on such default mortgage, and shall be governed by the provisions of section VII. concerning reinvestments, and the same instruments shall be filed and records made in the case of the reinvestment of such funds as is provided in said section VII. When such transfers shall have been so made, proof thereof shall be furnished the public examiner in such manner as he may prescribe, whereupon the public examiner shall issue a certificate for record releasing such default mortgage from the lien of such series of debentures.

Proof furnished public examiner.

SEC. 18. Such corporation may purchase, hold or convey land sold upon foreclosure of mortgages owned by it or held by it as security for its debentures, or upon judgments or decrees in its favor or in the settlement of debts (debts) or received in exchange as a part of the consideration of real estate held by it; but no item of real estate shall be carried upon the books of the corporation at a greater sum than the actual cost thereof, and all real estate acquired by such corporation shall be sold within five years after its acquirement, unless the time is extended by the public examiner on application of the board of directors. *Provided, however,* that such corporation may acquire and hold the title to such land as may be necessary for an office building for its use, but not more than ten per cent of the capital of such corpora-

Title to land for office building.

tion may be so invested. Such corporation may change its location, dispose of its place of business and acquire another upon the written approval of the public examiner.

Public
Examiner to
examine.

Attendance
of witnesses.

Four ex-
aminations
per year.

Publication
of statement.

Penalty.

SEC. 19. Every such corporation shall at all times be under the supervision and subject to the control of the public examiner. At least annually, and as much oftener as he deems it necessary without previous notice, such examiner, his deputy or assistant, may visit and examine the business and office of every such corporation, verify its books, vouchers and papers, and ascertain its financial condition and ability to perform its functions and fulfill its obligations, and wherein, if at all, it has violated any provision of law, and determine what, if any, further action shall be taken in the premises. For the purpose of making such examination he is authorized to enforce the attendance of witnesses, of persons whose testimony is desired, and the production of books and papers by subpoena or attachment, and may administer oaths to witnesses and compel them to testify. If the examiner is of the opinion that the further operation of such corporation is hazardous to public interests he shall forthwith take possession of its property and report the matter to the governor for appropriate action.

SEC. 20. At least four times in each year, and at any other time when so required by the public examiner, every such corporation shall promptly make and transmit to him in such form and within such time as he shall prescribe a report, verified by its president, vice president, secretary or assistant secretary, and attested by at least one of its directors, stating in detail under appropriate heads its liabilities and assets at the close of business on the date specified in such request, if upon special request, otherwise on the last business day of the preceding month. Such statement shall be published once at the expense of such corporation in a newspaper of the county of its location, and proof thereof filed immediately with the examiner.

SEC. 21. Every such corporation which shall fail to make and transmit to the public examiner within ten days after the time prescribed by law therefor any report required by the provisions of this act, or by other lawful authority, or shall fail to include therein any matter required by such examiner, shall forfeit to the state the sum of one hundred dollars (\$100) for every day that such report is withheld or delayed, or that it shall fail to

report any such omitted matter, and every such corporation which shall so fail twice in succession to make and transmit any such report shall forfeit its corporate rights and franchises.

SEC. 22. All instruments of every character required by this act to be made on behalf of such corporation, except as herein otherwise provided, shall be signed by its president or vice president and attested by its secretary or assistant secretary under the seal of such corporation.

SEC. 23. No such corporation shall make an assignment by reason of existing or probable insolvency. The board of directors, if satisfied that it is, or is about to become insolvent, shall immediately report such fact to the public examiner, who, if satisfied from such report or any other source, that such corporation has failed or refused to pay either the interest or principal due on any of its debentures, has become insolvent, that its books of account are falsely or fraudulently kept, or that it has violated any provisions of law, shall forthwith take possession of its books, records and property. Its property shall not be subject to attachment or levy, nor shall a receiver be appointed during such reasonable time as he may require for an examination and to apply for a receiver. When appointed, the receiver shall take possession, under the direction of the court, of such books, records and other property belonging to such corporation, together with all mortgages and other property held by it as security for any of its debentures, and shall collect all debts due such corporation, sell or compound bad or doubtful ones and sell all corporate property on such terms as the court shall direct, and when necessary pay corporate debts and enforce the individual liability of stockholders. He shall pay over all moneys received by him and make report of his doings to the public examiner at such times and in such manner as he may prescribe. The moneys received from the securities belonging to any series of debentures shall be applied to the payment of such debentures, and any excess remaining may be applied on the order of the court to the payment of any (unsecured) unsecured indebtedness. Whenever, after report by such directors and before the appointment of a receiver, said examiner shall find the corporation in such condition that all creditors aside from the stockholders can be paid in full from its assets, he may relinquish possession of its property to its proper officers; and when-

Assignments
for
insolvency.

Property not
subject to
attachments.

Duty of
receiver.

ever at any stage of the proceedings the stockholders of such corporation show the court that it is able to pay all other creditors, and such showing is approved by said examiner, the court may order the property turned over to the stockholders for liquidation or other arrangement and discharge the receiver.

Annual fee.

SEC. 24. Every such corporation shall pay to the public examiner an annual fee based on the amount of debentures outstanding on the first day of December in each year as follows: On the first two hundred thousand dollars (\$200,000) or part thereof at the rate of one dollar per thousand dollars; on all in excess of two hundred thousand dollars (\$200,000) at the rate of fifty cents per thousand dollars, the minimum fee to be not less than \$100 in any year; which amount shall be paid by the public examiner into the state treasury.

Wilful mis-statements.

SEC. 25. Any wilful misstatement of any fact required by this act to be made by any officer, agent or servant of such corporation shall be deemed perjury, and shall be subject to the prosecutions and punishments prescribed by law for that offense. Each and every officer, agent or servant of such corporation, and every other individual who shall knowingly or wilfully do or omit anything, the doing or omissions of which on the part of such corporation, is a violation of the provisions of this act, and who continues or repeats such act or omission for or during more than ten successive days shall be guilty of a felony.

SEC. 26. All acts and parts of acts inconsistent with this act are hereby repealed.

SEC. 27. This act shall take effect and be in force from and after its passage.

Approved March 31, 1905.

H.F. No. 624.

CHAPTER 94.

An act to amend chapter two hundred and ninety (290) of the Laws of nineteen hundred three (1903), so as to permit the expenditure of certain funds therein appropriated upon a road, other than the one named therein, in Sibley county.

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

Road appropriation in Sibley Co.

SECTION 1. That the sum of two hundred dollars (\$200) appropriated by chapter two hundred and ninety