

there is a dispute as to the county of settlement, the county providing or arranging for such services shall pay for them pending final determination of the county of settlement. When the county welfare board providing the care or service is not the county of the child's legal settlement, it has a claim for recovery of costs upon the county where the child has settlement. For costs incurred to provide foster care or other treatment for delinquent children under the jurisdiction of the youth conservation commission, the county welfare board has a claim for reimbursement from funds appropriated to the youth conservation commission for foster care purposes.

Sec. 6. *Minnesota Statutes 1957, Sections 257.176 and 257.177 are hereby repealed.*

Approved April 24, 1959.

CHAPTER 481—S. F. No. 646

An act relating to savings and loan associations; amending Minnesota Statutes 1957, Sections 46.13, Subdivision 3; 51.07; 51.08; 51.13; 51.29, Subdivision 2; 51.35; 51.40; 527.02; and 527.04.

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

Section 1. Minnesota Statutes 1957, Section 46.13, Subdivision 3, is amended to read:

Subd. 3. **Fees, savings, building and loan associations.** In the case of savings, building and loan associations, for each examination, a fee consisting of \$45, plus an amount equal to 22 cents per \$1,000 of assets up to and including \$1,000,000, plus an amount equal to 11 cents per \$1,000 of assets in excess of \$1,000,000 and not exceeding \$25,000,000, plus an amount equal to 5.5 cents per \$1,000 of assets in excess of \$25,000,000, *provided that where the accounts of an association are insured by the Federal Savings and Loan Insurance Corporation and such association is subject to a dual examination by federal and state authorities, the fees shall be assessed at \$45, plus 50 percent of the schedule set forth above.*

Sec. 2. Minnesota Statutes 1957, Section 51.07, is amended to read:

51.07 Application; form; fee; hearing; disposition; review. The incorporators of any association proposed to be organized under the laws of this state shall execute and ac-

knowledge an application, in writing, in the form prescribed by the department of commerce, and file the same in its office, requesting a certificate authorizing the proposed association to transact business at the place, and in the name, stated in the application. At the time of filing the application, the applicants shall pay a filing fee of \$100 which shall be paid into the state treasury and credited to the general revenue fund, and shall pay to the commissioner of banks the sum of \$100 as a fee for investigating the application, which sum shall be turned over by him to the state treasurer and credited by the state treasurer to the general revenue fund of the state. Thereupon the department of commerce shall fix a time, within 60 days after the filing of the application, for a hearing at its office, at which hearing it shall decide whether or not the application shall be granted. Notice of the hearing shall be published in the form prescribed by the department of commerce in some newspaper 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 nor more than 50 days prior to the date of the hearing. At the hearing the department of commerce shall consider the application and hear the applicants and such witnesses as may appear in favor of or against the granting of the application.

If upon the hearing it appears to the department of commerce 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 such association can be established without undue injury to the properly conducted, existing financial institutions in the locality, and that such association will be properly and safely managed, the application shall be granted; otherwise it shall be denied. If the application is denied, the department of commerce shall, not later than 60 days after the hearing, make its order in writing to that effect, specifying the ground for denial and file the same in the office of the commissioner, and forthwith giving notice thereof by registered mail to one of the incorporators named in the application of the proposed association, addressed to the incorporator at the address stated in the application; and, thereupon, the commissioner shall refuse to issue a certificate of authorization to the proposed association. The supreme court, upon petition of any person aggrieved, may review by certiorari any such determination of the department of commerce.

Sec. 3. Minnesota Statutes 1957, Section 51.08, is amended to read:

51.08 Approval of application; certificate; articles. If upon the hearing it shall appear to the department of commerce that the application should be granted, it shall not later than 60 days after the hearing and after the applicants have otherwise complied with the provisions of the law applicable to the organization of a savings, building and loan association, make and file in the office of the commissioner of banks its order, in writing, directing him to issue a certificate authorizing the association to transact business at the place and in the name stated in the application, subject to such conditions as the commissioner may establish, as conditions to be met prior to the transacting of business by the association at such place and in such name, requirements as to (1) the minimum number of subscribers to the association's capital; (2) the minimum amount of capital in excess of the minimum required by section 51.20 to be paid into the association's accounts upon issuance of such certificate to it; (3) guarantee by the incorporators or others of the association's organization expenses, verified statement whereof shall be filed with the commissioner of banks; and (4) such other requirements as the commissioner deems necessary. After the issuance of the certificate of authorization by the commissioner, the articles of incorporation shall be filed with the secretary of state, who shall record the same and certify that fact thereon. The certificate and the articles shall be filed for record with the register of deeds of the county of the principal place of business, as specified in the certificate.

Every article of incorporation shall be published in a qualified 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.

After recording and publication, the articles of incorporation shall be filed with the commissioner, together with proof of publication.

Savings, building and loan associations shall be exempt from payment of the filing fee provided by law for payment to the state treasurer before filing any articles of incorporation, renewal, or amendment.

Sec. 4. Minnesota Statutes 1957, Section 51.13, is amended to read:

51.13 By-laws. The bylaws of every association:

(1) Shall state the principal place of business where the association is located;

(2) Shall provide the date and the place of the regular annual meeting of members; the notice, if any, to be given; the manner of calling special meetings, and the notice to be given; and the number of members necessary to constitute a quorum;

(3) Shall provide for meetings of the board of directors, which meetings shall be held not less frequently than once a month; the place of these meetings; the quorum necessary to conduct a meeting, and for the resignation and removal of directors;

(4) Shall prescribe the number of directors, their duties and powers, their term of office, and how vacancies are to be filled;

(5) May provide for an executive committee, which shall have the powers of the board of directors between meetings of the board of directors, and shall provide for the time and place of meetings of the executive committee, and the quorum necessary;

(6) Shall provide that the board of directors, at their annual meeting, which shall be held within ten days after the annual meeting of the members (1) shall elect a president, one or more vice-presidents, a secretary, and a treasurer, and (2) may elect such additional officers as the board of directors may, from time to time, determine, and (3) may designate an attorney, provided that the offices of secretary and treasurer may be held by the same person;

(7) Shall state the voting rights of members and the vote necessary to decide an issue;

(8) Shall prescribe the duties and powers of the officers, how vacancies are to be filled, and terms of office;

(9) Shall prescribe the method whereby written instruments shall be executed, and what officers shall be authorized to sign checks;

(10) Shall prescribe the method of making loans, the filing of applications, closing of loans, terms of loans, loan expense, insurance on loans, building loans, and may prescribe the maximum loan limit, which shall be a fixed percentage of the appraised valuation of the property;

(11) Shall prescribe the manner in which share certificates shall be signed and delivered; provided, that the by-

laws shall provide that these share certificates shall be manually signed by an officer or employee of the association designated by the board of directors;

(12) Shall prescribe how shares may be withdrawn and how shares may be transferred from one person to another;

(13) Shall set forth the corporate seal of the association, which shall be two concentric circles between which shall be the name of the association; the year of incorporation and the name of the state shall, and an emblem may, appear in the center;

(14) Shall provide for the depositing of the association's funds, and shall provide that the board of directors shall name a bank or banks as depository;

(15) May provide for the sale or cancelation of delinquent share interests;

(16) May contain such other provisions as are not unlawful or inconsistent herewith; and

(17) May be amended at any time by a majority vote of the members of the association present at an annual or special meeting called for that purpose, the notice of the meeting stating what sections are to be amended; no amendment to the bylaws shall be effective unless and until the commissioner has given his written approval to the amendment.

The members may, at any regular or special meeting called for that purpose, adopt or abolish any or all of the bonus plans provided in section 51.23 without the approval of the commissioner.

Sec. 5. Minnesota Statutes 1957, Section 51.29, Subdivision 2, is amended to read:

Subd. 2. **Shareholders.** Administrators, executors, guardians, trustees and other fiduciaries of every kind and nature, and insurance companies, fraternal beneficiary associations, cemetery associations, however organized, charitable, educational, eleemosynary organizations and trustees or governing bodies of public employees' pension, benefit or relief associations are authorized to invest funds held by them in shares, accounts or certificates of savings, building and loan associations, organized under the laws of this state or the United States and such investments shall be held to be legal investments for such funds. The provisions of this subdivision

are supplemental to any and all other laws relating to and declaring what shall be legal investments for the persons, corporations, organizations, and officials herein referred to.

Sec. 6. Minnesota Statutes 1957, Section 51.35, is amended to read:

51.35 Real estate; prohibitions; limitations and privileges of ownership. No association shall engage in the business of buying and selling or dealing in real estate, but it may secure obligations due to it and the payment of its loans by taking real estate mortgages. It may purchase, at any sheriff's, judicial, or other sale, public or private, any real estate upon which it has a mortgage, judgment, or other lien, or in which it has any interest. It may acquire title to any real estate on which it holds any lien, in full or part satisfaction thereof, and may sell, convey, hold, lease, or mortgage the same. In transactions involving the purchase by a member of improved real estate for home purposes, or for the construction of a home, a savings, building and loan association, organized under the laws of this state, or of the United States of America, may, when authorized by its bylaws, acquire the title thereof, and it may give to the member a contract to convey the same as upon a sale thereof. Provided, that no association shall hereafter invest more than 50 percent of its assets in such contracts to convey. Upon default in the conditions of the contract, the association may terminate the interest of the member, his representatives or assigns by serving the notice provided by Minnesota Statutes 1941, Section 559.21, upon such member, his representatives or assigns.

No association shall make the purchase and sale of mortgages or contracts for deed a substantial part of its business, but it may purchase from any governmental agency or instrumentality first lien mortgages and contracts for deed, the security for which is situate in this state, and may incidentally purchase and sell loans of any type which it is permitted to make, *and may participate with other lenders in making, purchasing, or selling such loans if the property securing such loan is located within 50 miles of the principal office of another lender or lenders and such lender or lenders participate to the extent of at least 50 percent in such loan*, but the purchase of such loans hereafter made shall not constitute more than 25 percent of the total assets of such association.

Sec. 7. Minnesota Statutes 1957, Section 51.40, is amended to read:

51.40 Insurance of shares; representations by association. *Subdivision 1.* In accordance with such regulations

as the commissioner may deem necessary and proper, any association is hereby authorized and empowered to do all things necessary to obtain, continue, pay for, and terminate insurance of its shares with the federal savings and loan insurance corporation.

Subd. 2. No association shall insure its shares with any other insurer unless such insurer is authorized by the laws of this state to write such insurance or guaranty, and is approved as to such insurance by the commissioner of banks.

Subd. 3. No savings, building and loan association shall, in or from this state, make any representations, oral or written, to any person that any of its shares, certificates, or accounts are insured or guaranteed unless such shares, certificates, or accounts are insured or guaranteed pursuant to the provisions of subdivision 1 or subdivision 2 hereof. Where such representation is made and such insurance or guaranty is by such a commercial company, such representation shall include a statement, which, if such representation is written, shall be in writing of a size and prominence at least equal to that in which such representation is made, that such shares, certificates, or accounts are not insured or guaranteed by this state or an instrumentality thereof or by the United States or an instrumentality thereof.

Sec. 8. Minnesota Statutes 1957, Section 527.02, is amended to read:

527.02 Gifts to minors. (a) An adult person may, during his lifetime, make a gift of a security or money to a person who is a minor on the date of the gift:

(1) if the subject of the gift is a security in registered form, by registering it in the name of the donor, an adult member of the minor's family, a guardian of the minor, or a trust company, followed, in substance, by the words: "as custodian for.....under the Minnesota Uniform
(name of minor)

Gifts to Minors Act;

(2) if the subject of the gift is a security not in registered form, by delivering it to an adult member, other than the donor, of the minor's family, a guardian of the minor, or a trust company, accompanied by a statement of gift in the following form, in substance, signed by the donor and the person designated as custodian:

(b) The custodian shall pay over to the minor for expenditure by him, or expend for the minor's benefit so much of or all the custodial property as the custodian deems advisable for the support, maintenance, education and benefit of the minor in the manner, at the time or times and to the extent that the custodian in his discretion deems suitable and proper, with or without court order, with or without regard to the duty of himself or of any other person to support the minor or his ability to do so, and with or without regard to any other income or property of the minor which may be applicable or available for any such purpose.

(c) The court, on the petition of a parent or guardian of the minor or of the minor, if he has attained the age of fourteen years, may order the custodian to pay over to the minor for expenditure by him or to expend so much of or all the custodial property as is necessary for the minor's support, maintenance or education.

(d) To the extent that the custodial property is not so expended, the custodian shall deliver or pay it over to the minor on his attaining the age of twenty-one years or, if the minor dies before attaining the age of twenty-one years, he shall thereupon deliver or pay it over to the estate of the minor.

(e) The custodian, notwithstanding statutes restricting investments by fiduciaries, shall invest and reinvest the custodial property as would a prudent man of discretion and intelligence who is seeking a reasonable income and the preservation of his capital, except that he may, in his discretion and without liability to the minor or his estate, retain a security given to the minor in a manner prescribed in this chapter.

(f) The custodian may sell, exchange, convert or otherwise dispose of custodial property in the manner, at the time or times, for the price or prices and upon the terms he deems advisable. He may vote in person or by general or limited proxy a security which is custodial property. He may consent, directly or through a committee or other agent, to the reorganization, consolidation, merger, dissolution or liquidation of an issuer, a security which is custodial property, and to the sale, lease, pledge or mortgage of any property by or to such an issuer, and to any other action by such an issuer. He may execute and deliver any and all instruments in writing which he deems advisable to carry out any of his powers as custodian.

(g) The custodian shall register each security which is custodial property and in registered form in the name of

the custodian, followed, in substance, by the words: "as custodian for..... under the Minnesota Uniform
(name of minor)

Gifts to Minors Act." The custodian shall hold all money which is custodial property in an account with a broker or in a bank or *savings, building and loan association* in the name of the custodian, followed, in substance, by the words: as custodian for..... under the Minnesota Uniform
(name of minor)

Gifts to Minors Act." The custodian shall keep all other custodial property separate and distinct from his own property in a manner to identify it clearly as custodial property.

(h) The custodian shall keep records of all transactions with respect to the custodial property and make them available for inspection at reasonable intervals by a parent or legal representative of the minor or by the minor, if he has attained the age of fourteen years.

(i) A custodian has and holds as powers in trust with respect to the custodial property, in addition to the rights and powers provided in this chapter, all the rights and powers which a guardian has with respect to property not held as custodial property.

Approved April 24, 1959.

CHAPTER 482—H. F. No. 365

An act relating to the transportation of handicapped and mentally retarded pupils; amending Minnesota Statutes 1957, Section 131.087.

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

Section 1. Minnesota Statutes 1957, Section 131.087, is amended to read:

131.087 Reimbursement of district for transportation.
When a handicapped or a mentally retarded pupil cannot be transported on a regular school bus, the state shall reimburse each district or unorganized territory for the transportation or board and lodging of a mentally retarded or otherwise handicapped pupil when approved by the state board of education, at rates to be determined by the state board of education, but this amount shall not exceed \$225 annually for each such pupil. Transportation funds may be used to reimburse for expenditures in conveying mentally retarded or otherwise