

## CHAPTER 51

## BANKING DIVISION; SAVINGS, BUILDING AND LOAN ACT

**51.01 DEFINITIONS.**

**HISTORY.** 1939 c. 391 s. 1; M. Supp. s. 7770-11; 1945 c. 290 s. 1.

The difference between federal savings and loan associations and state credit unions constitute reasonable ground for making distinction between them for tax purposes, so as to validate a statute imposing income taxes on such associations, though credit unions are specifically exempt from such taxes. *State v Minn. Federal*, 218 M 229, 15 NW(2d) 568.

Laws 1939, Chapter 291, is a complete revision of the law regulating savings, building and loan associations; it expressly repeals numerous sections of the statute which previously dealt with the subject. 24 MLR 260.

**51.02 BANKING DEPARTMENT TO CONTROL.**

**HISTORY.** 1939 c. 391 s. 2; M. Supp. s. 770-12.

**51.03 SUPERVISOR.**

**HISTORY.** 1939 c. 391 s. 3; M. Supp. s. 7770-13.

**51.04 COMMISSIONER TO SUPERVISE.**

**HISTORY.** 1939 c. 391 s. 4; M. Supp. s. 7770-14; 1943 c. 587 s. 1; 1945 s. 290 s. 2.

**51.05 OFFICIAL COMMUNICATIONS REFERRED TO DIRECTORS.**

**HISTORY.** 1939 c. 391 s. 5; M. Supp. s. 7770-15.

**51.06 INCORPORATION PROCEDURE.**

**HISTORY.** 1939 c. 391 s. 6; M. Supp. s. 7770-16.

**ESTOPPEL.** A member of a building and loan association who has acted with the corporation, treating it as a corporation, and has borrowed money from it, is estopped to set up, in a foreclosure action, that it is not a corporation because the law was not fully complied with in its organization. *Northern B. & L. Ass'n v Witherow*, 205 M 413, 286 NW 397.

**50.07 APPLICATION, FORM, EXECUTION.**

**HISTORY.** 1939 c. 391 s. 7; M. Supp. s. 7770-17.

**51.08 SECURITIES COMMISSION TO PASS ON APPLICATION.**

**HISTORY.** 1939 c. 391 s. 8; M. Supp. s. 7770-18.

**51.09 PURPOSES.**

**HISTORY.** 1939 c. 391 s. 9; M. Supp. s. 7770-19; 1945 c. 290 s. 3.

The supreme court took judicial notice that savings and loan associations do not engage in the business of an insurance agent as incidental to their principal business. *Diedrick v. Helm*, 217 M 483, 14 NW(2d) 913.

**51.10 AMENDMENTS TO ARTICLES.**

**HISTORY.** 1939 c. 391 s. 10; M. Supp. s. 7770-20.

**51.11 CONSENT OF COMMISSIONER TO MOVE.**

HISTORY. 1939 c. 391 s. 11; M. Supp. s. 7770-21.

**51.12 BUSINESS, WHEN TO COMMENCE.**

HISTORY. 1939 c. 391 s. 12; M. Supp. s. 7770-22.

**51.13 BY-LAWS.**

HISTORY. 1939 c. 391 s. 13; M. Supp. s. 7770-23.

(10) In the absence of any statute on the subject, it is competent for the association in its articles or by-laws to fix the terms on which borrowing members can pay back their loans before the maturity of their stock. *Fitzgerald v Henn. Co. Catholic B. & L. Ass'n*, 56 M 424, 57 NW 1066, 59 NW 191.

(16) The articles of incorporation are an association's fundamental law, a contract which neither party can violate. This can no more be done through the form of by-laws than it can in any other way. The authority to pass by-laws is authority to pass such as are consistent with the articles of incorporation. *Bergman v St. Paul Mut. Bldg. Ass'n*, 29 M 275, 13 NW 120.

Savings and loan associations by-laws requiring its borrowers to procure insurance on properties on which it makes mortgage loans, by implication provides that the association will not engage in the business of procuring insurance and precludes it from having an interest or expectancy in the business. *Diedrick v Helm*, 217 M 483, 14 NW(2d) 913.

**51.14 MEMBERS, RIGHTS, PRIVILEGES, POWERS, AND DUTIES.**

HISTORY. 1939 c. 391 s. 14; M. Supp. s. 7770-24; 1945 c. 290 s. 4.

**51.15 OFFICERS, POWERS, DUTIES, AND LIABILITIES.**

HISTORY. 1939 c. 391 s. 15; M. Supp. s. 7770-25.

Right of an officer or director of a corporation to appropriate a business opportunity for himself depends upon circumstances present when the opportunity arose, without regard to events subsequently occurring. *Diedrick v Helm*, 217 M 483, 14 NW(2d) 913.

**51.16 OFFICERS' AND EMPLOYEES' BONDS.**

HISTORY. 1939 c. 391 s. 16; M. Supp. s. 7770-26.

**51.17 BOOKS AND ACCOUNTS.**

HISTORY. 1939 c. 391 s. 17; M. Supp. s. 7770-27.

**51.18 ANNUAL AUDIT; REPORT FILED, PUBLISHED.**

HISTORY. 1939 c. 391 s. 18; M. Supp. s. 7770-28.

**51.19 ANNUAL AND SPECIAL MEETINGS, NOTICE.**

HISTORY. 1939 c. 391 s. 19; M. Supp. s. 7770-29.

Where notice of stockholders' meetings is given as required by statute, no other or different notice is required. *Diedrick v Helm*, 217 M. 483, 14 NW(2d) 913.

**51.20 CAPITAL; TYPES OF SHARES.**

HISTORY. 1939 c. 391 s. 20; M. Supp. s. 7770-30.

**51.21 SHARE ACCOUNTS.**

HISTORY. 1939 c. 391 s. 21; M. Supp. s. 7770-31.

# MINNESOTA STATUTES 1945 ANNOTATIONS

381

SAVINGS, BUILDING AND LOAN 51.34

## 51.22 FORM OF CERTIFICATES.

HISTORY. 1939 c. 391 s. 22; M. Supp. s. 7770-32.

## 51.23 BONUSES.

HISTORY. 1939 c. 391 s. 23; M. Supp. s. 7770-33.

## 51.24 RESERVE TO BE CREATED.

HISTORY. 1939 c. 391 s. 24; M. Supp. s. 7770-34.

## 51.25 NET EARNINGS, HOW DISPOSED OF.

HISTORY. 1939 c. 391 s. 25; M. Supp. s. 7770-35.

## 51.26 DIVIDENDS.

HISTORY. 1939 c. 391 s. 26; M. Supp. s. 7770-36.

## 51.27 WITHDRAWALS.

HISTORY. 1939 c. 391 s. 27; M. Supp. s. 7770-37.

**CANNOT SUE.** A nonborrowing member of a mutual building association who has given notice of withdrawal cannot be permitted to bring an action and take judgment against the association when, by reason of the statute and by-laws, there is no money in the treasury legally applicable to the payment of the claim. *Heinbokel v Mut. S. L. & B. Ass'n*, 58 M 340, 59 NW 1050, 25 LRA 215, 49 Am. St. Rep 519.

**NOT A CREDITOR.** A member of a building association, in fact insolvent when the member gives notice of withdrawal, is not a general creditor of the association and is only entitled to share pro rata with the other stockholders in the assets of the association although he holds notes or orders of the association for the supposed withdrawal value of his stock. *Tillinghast v U. S. Sav. & L. Co.* 99 M 62, 108 NW 472.

## 51.28 RETIREMENT OF SHARES.

HISTORY. 1939 c. 391 s. 28; M. Supp. s. 7770-38.

## 51.29 SHARES, TO WHOM ISSUED.

HISTORY. 1939 c. 391 s. 29; M. Supp. s. 7770-39.

## 51.30. PURCHASE OF SHARES FOR MINORS.

HISTORY. 1939 c. 391 s. 30; M. Supp. s. 7770-40.

## 51.31 LIMITATION ON FINANCIAL STATEMENTS.

HISTORY. 1939 c. 391 s. 31; M. Supp. s. 7770-41.

## 51.32 LOST OR STOLEN CERTIFICATES.

HISTORY. 1939 c. 391 s. 32; M. Supp. s. 7770-42.

## 51.33 PROHIBITION.

HISTORY. 1939 c. 391 s. 33; M. Supp. s. 7770-43.

## 51.34 POWERS.

HISTORY. 1939 c. 391 s. 34; M. Supp. s. 7770-44; 1945 c. 290 s. 6.

# MINNESOTA STATUTES 1945 ANNOTATIONS

## 51.35 SAVINGS, BUILDING AND LOAN

382

### 51.35 DEALING IN REAL ESTATE PROHIBITED.

HISTORY. 1939 c. 391 s. 35; 1941 c. 165 s. 1; M. Supp. s. 1770-45; 1945 c. 290 s. 7.

TERMINATION OF CONTRACT RIGHT. An earlier law, in identical language except that the clause "and upon default in the condition of the contract, the association may terminate the interest of the shareholder pursuant to law" was not included, held not to give a building and loan association the right to loan in the form of an executory contract and foreclose under Section 559.21. *Minn. B. & L. Ass'n v Closs*, 182 M 452, 234 NW 872.

### 51.36 FIELD OF OPERATION LIMITED.

HISTORY. 1939 c. 391 s. 36; M. Supp. s. 7770-46.

### 51.37 PROHIBITION AGAINST PERCENTAGE OPERATIONS.

HISTORY. 1939 c. 391 s. 37; M. Supp. s. 7770-47.

ULTRA VIRES. In an action to recover on such a contract which was entered into before the act and in which the defense of ultra vires was interposed, the language "but this [chapter] shall not apply to existing contracts or to payments made or to be made pursuant thereto," was held to indicate that the legislature recognized not only the existence of such contracts, but also their potential validity. At least no legislative policy is declared assailing their full worth as contractual obligations. *Equit. Hold. Co. v Equit. B. & L. Ass'n*, 202 M 529, 279 NW 736.

### 51.38 MAY BECOME MEMBERS OF FEDERAL HOME LOAN BANK.

HISTORY. 1939 c. 391 s. 38; M. Supp. s. 7770-48.

### 51.39 POWERS AND PURPOSES.

HISTORY. 1939 c. 391 s. 39; M. Supp. s. 7770-49.

USURY. Statutes exempting building and loan associations from usury laws are constitutional and are not class legislation. The operations of building and loan associations differ so radically from ordinary loan transactions as to afford a proper basis for classification. *Zenith B. & L. Ass'n v Heimbach*, 77 M 97, 79 NW 609.

### 51.40 MAY OBTAIN FEDERAL INSURANCE.

HISTORY. 1939 c. 391 s. 40; M. Supp. s. 7770-50.

### 51.41 MAY CONVERT INTO FEDERAL SAVINGS AND LOAN ASSOCIATION.

HISTORY. 1939 c. 391 s. 41; M. Supp. s. 7770-51.

### 51.42 FEDERAL MAY CONVERT INTO STATE ASSOCIATION.

HISTORY. 1939 c. 391 s. 42; M. Supp. s. 7770-52.

### 51.43 REAL ESTATE LOANS.

HISTORY. 1939 c. 391 s. 43; M. Supp. s. 7770-53.

See as to real estate loans under the servicemen's readjustment act of 1944. (G I bill of rights). OAG Nov. 27, 1944 (29a-20).

### 51.44 LIEN ON MEMBERS' SHARE ACCOUNTS.

HISTORY. 1939 c. 391 s. 44; M. Supp. s. 7770-54.

# MINNESOTA STATUTES 1945 ANNOTATIONS

383

SAVINGS, BUILDING AND LOAN 51.51

**51.45 EXPENSE OF LOAN PAID BY BORROWER.**

HISTORY. 1939 c. 391 s. 45; M. Supp. s. 7770-55.

**51.46 CONSOLIDATION OF ASSOCIATIONS.**

HISTORY. 1939 c. 391 s. 46; M. Supp. s. 7770-56.

**51.47 ASSOCIATION MAY VOLUNTARILY LIQUIDATE.**

HISTORY. 1939 c. 391 s. 47; M. Supp. s. 7770-57.

**51.48 MONEY BORROWED TO FACILITATE LIQUIDATION.**

HISTORY. 1939 c. 391 s. 48; M. Supp. s. 7770-58.

**51.49 INSOLVENT ASSOCIATIONS LIQUIDATED.**

HISTORY. 1939 c. 391 s. 49; M. Supp. s. 7770-59.

**INSOLVENCY, WHAT IS.** Insolvency of a building and loan association is inability to satisfy in full all the demands of its members, or in other words it is such a condition of its affairs as reduces its available and collectible funds below the level of the amount of stock already paid in. *Tillinghast v U. S. Sav. & L. Co.* 99 M 62, 108 NW 472.

**51.50 EXPENSE OF EXAMINATION PAID BY ASSOCIATION.**

HISTORY. 1939 c. 391 s. 50; M. Supp. s. 7770-60.

**51.51 CITATION.**

HISTORY. 1939 c. 391 s. 1; M. Supp. s. 7770-11.