

CHAPTER 51

SAVINGS, BUILDING, AND LOAN ACT

NOTE: The laws relating to these associations are distinctive and complete in themselves. The associations are unlike other corporations and members are not stockholders in the usually accepted sense. The original act, L. 1889, c. 236, was entirely rewritten in L. 1891, c. 131. Laws regulating and prescribing supervision of mutual building companies were enacted by L. 1891, c. 27. These laws as amended were completely recodified by L. 1939, c. 391, and liberally amended by L. 1945, c. 290.

51.01 DEFINITIONS.

Shares in savings and loan associations as investment for trustees under L. 1943, c. 635. 1944 OAG 23, Feb. 9, 1944 (53-D).

51.09 PURPOSES.

Where a business opportunity occurs it belongs to the corporation, and if an officer or director diverts such and embraces it as his own, and if it is within the line of corporation activities, such officer or director is deemed constructive trustee for the corporation; but if the corporation refuses the opportunity, the enterprise is owned by the director who seizes the opportunity. *Diedrick v Helm*, 217 M 483, 14 NW(2d) 913.

51.15 OFFICERS, POWERS, DUTIES, AND LIABILITIES.

Unless prohibited by law or provisions of its charter, or are clearly against public policy, prima facie, contracts of corporations are valid. A contract is against public policy when it is injurious to the interests of the public or contravenes some established interest of society. It is a paramount public policy not lightly to interfere with freedom of contract. *Equitable Holding Co. v Equitable Building & Loan*, 202 M 529, 279 NW 736.

51.21 SHARE ACCOUNTS.

Where defendant had deposited money but at the time of service of garnishee summons the certificate had not been issued, the court may order the garnishee to issue the certificate, and the sheriff may levy to satisfy a judgment against the defendant. *First National v Malerich*, 193 M 626, 259 NW 546.

A member of a savings and loan association has in substance a savings account subject to levy of execution as a chose in action. *Benton's Apparel, Inc. v Hegna*, 213 M 271, 7 NW(2d) 3.

51.25 NET EARNINGS, HOW DISPOSED OF.

Amended by L. 1947 c. 397 s. 1.

51.29 SHARES, TO WHOM ISSUED.

Right of state banks, trust companies, savings banks, building and loan associations, credit unions, industrial loan and thrift companies, and small loan companies to make loans under the servicemen's readjustment act. 1944 OAG 23, Nov. 27, 1944.

L. 1945, c. 290, s. 5, permits funds of retirement associations to be invested in building and loan associations. OAG Feb. 4, 1946 (928-B-5).

MINNESOTA STATUTES 1947 ANNOTATIONS

51.34 SAVINGS, BUILDING AND LOAN

212

51.34 POWERS.

Unless prohibited by law or provisions of its charter, or are clearly against public policy, prima facie, contracts of corporations are valid. A contract is against public policy where it is injurious to the interests of the public or contravenes some established interest of society. It is a paramount public policy not lightly to interfere with freedom of contract. *Equitable Holding v Equitable Building & Loan*; 202 M 529, 279 NW 736.

The corporation may waive the opportunity of taking advantage of taking on activity in its line of business, and if so waived officers and directors may organize a company to promote the enterprise. *Diedrick v Helm*, 217 M 483, 14 NW(2d) 913.

Shares in savings and loan associations as investment for trustees under L. 1943, c. 635. 1944 OAG 23, Feb. 9, 1944 (53-D).

51.39 POWERS AND PURPOSES.

Under the provisions of L. 1943, c. 635, share accounts and savings accounts in "savings building and loan associations," under the prudent man rule, may be proper investments. 1944 OAG 26, Feb. 9, 1944 (53-D).

51.43 REAL ESTATE LOANS.

Amended by L. 1947 c. 397 s. 2.

As to validity of real estate loans under the servicemen's readjustment act of 1944, and as sustained by L. 1945, c. 177. OAG Nov. 27, 1944 (29a-20).

51.49 INSOLVENT ASSOCIATIONS LIQUIDATED.

Rights and liabilities of borrowing members of building and loan associations in the event of insolvency. 11 MLR 655.