

all of Ramsey county located outside the corporate limits of the city of Saint Paul and west of the centerline of Rice Street, except the corporate village of North Oaks shall not be within commissioner district number one (1), and shall elect one (1) commissioner; commissioner district number two (2) shall consist of all of Ramsey county located outside of the corporate limits of the city of Saint Paul and east of the centerline of Rice Street, except that the corporate village of North Oaks shall be completely within commissioner district number two (2), and shall elect one (1) commissioner; and commissioner district number three (3) shall consist of the city of St. Paul, and shall elect four (4) commissioners.

Sec. 2. This act shall take effect upon its approval by the board of county commissioners of Ramsey county and upon compliance with Minnesota Statutes, Section 645.021.

Approved May 18, 1971.

CHAPTER 387—H.F.No.2555

An act relating to savings associations; redefining organizations; revising the requirements for securing a certificate of incorporation; establishing fees for incorporation; prohibiting certain inducements; amending Minnesota Statutes 1969, Sections 51A.02, Subdivision 21; 51A.03, Subdivisions 1, 3, and 4; 51A.15, Subdivision 2; 51A.23, Subdivision 5; 51A.37, Subdivision 3; and 51A.51, Subdivisions 2 and 3, and by adding a subdivision.

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

Section 1. Minnesota Statutes 1969, Section 51A.02, Subdivision 21, is amended to read:

Subd. 21. **SAVINGS ASSOCIATIONS; INCORPORATION; FEES.** "Service organization" means an organization substantially all the activities of which consist of originating, purchasing, selling, and servicing loans upon real estate and participating interests therein, or clerical, bookkeeping, accounting, statistical, or similar functions performed primarily for savings and loan associations, plus as clearly permitted under appropriate federal laws or regulations, and such other activities as the commissioner may approve.

Sec. 2. Minnesota Statutes 1969, Section 51A.03, Subdivision 1, is amended to read:

Changes or additions indicated by underline, deletions by ~~strikeout~~.

51A.03 INCORPORATION. Subdivision 1. **APPLICATION FOR CERTIFICATE OF INCORPORATION.** At any time hereafter any five or more individuals (~~hereinafter referred to as the "incorporators"~~), citizens of this state, may apply to form an association to promote thrift and home financing subject to approval as hereinafter provided in sections 51A.01 to 51A.57, by signing and acknowledging. Five of such individual applicants shall be incorporators and sign and acknowledge before an officer competent to take acknowledgments of deeds, two copies of ~~a petition an application~~ for a certificate of incorporation in the form prescribed by the ~~department of commerce~~ commerce commission, and of the bylaws in the form set out in this section or in a form approved by the commissioner, which shall be filed with the commissioner, accompanied by the incorporation fee. The ~~petitioners~~ applicants shall submit with their ~~petition~~ application statements, exhibits, map, and other data which the commissioner may require, which data shall be sufficiently detailed and comprehensive to enable the ~~commissioner~~ commerce commission to pass upon the ~~petition~~ application as to the criteria set out in subdivision 3.

Sec. 3. Minnesota Statutes 1969, Section 51A.03, Subdivision 3, is amended to read:

Subd. 3. **NOTICE AND HEARING.** ~~Upon receipt of a petition for a certification of incorporation to form an association, including supporting data, the department of commerce shall fix a time, within 60 days after the filing of the application, for a hearing at its office. Notice of the hearing shall be published by the association in a newspaper published in the proposed association's locality. Any interested person may appear at such hearing in person or by agent or attorney, and orally or in writing show cause upon any relevant ground why such certificate should not be issued. Upon receipt of an application for a certificate of incorporation to form an association, including supporting data, the commerce commission shall fix a time, within 60 days after the filing of the application, for a hearing at its office at the state capitol, at which hearing it shall decide whether or not the application shall be granted. A notice of hearing shall be published in the form prescribed by the commerce commission in a newspaper of general circulation 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 days prior to the date of the hearing. Any interested person may appear at such hearing in person or by agent or attorney, and orally or in writing show cause upon any relevant ground why such certificate should not be issued.~~

If upon the hearing it appears that the applicants are of good moral character and financial integrity, that there is a reasonable

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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 institution in the locality, and that such association will be properly and safely managed, the application may be granted; otherwise it shall be denied. The supreme court, upon petition of any person aggrieved, may review by certiorari any such determination of the department of commerce.

Sec. 4. Minnesota Statutes 1969, Section 51A.03, Subdivision 4, is amended to read:

Subd. 4. **PROCEDURE; FILING OF ARTICLES.** The procedure for processing such ~~petition application~~, conducting the hearing, and other matters pertinent thereto, shall be established by regulations promulgated by the commissioner. After approval, if approved, the commissioner shall issue a certificate of approval and the articles of incorporation shall then be filed with the secretary of state, who shall record same and certify the fact, thereon. The ~~certificate and articles shall be filed with the register of deeds of the county of the principal place of business, as specified in the certificate.~~

Sec. 5. Minnesota Statutes 1969, Section 51A.15, Subdivision 2, is amended to read:

Subd. 2. **DUAL STATUS.** No officer or director of an association shall hold office or status as a ~~member, director,~~ or officer of another financial institution the principal office of which is located in the association's primary lending area; except such directors or officers who are holding office at the time of the adoption of sections 51A.01 to 51A.57, and such directors or officers may continue to be reelected for two additional terms.

Sec. 6. Minnesota Statutes 1969, Section 51A.23, Subdivision 5, is amended to read:

Subd. 5. **INDUCEMENTS.** No association shall, directly or indirectly, for the opening or increasing of any savings account, give, sell, dispose of, or permit the giving, selling, or disposition of, for any one such opening or increase anything having a cost or value in excess of ~~\$2.50~~ an amount determined by the commissioner.

Sec. 7. Minnesota Statutes 1969, Section 51A.37, Subdivision 3, is amended to read:

Subd. 3. **REAL ESTATE LOANS.** Real estate loans in any amount not exceeding the value of the security, subject to the following conditions:

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(a) No association shall make a real estate loan to one borrower if the sum of (1) the amount of such loan and (2) the total balances of all outstanding real estate loans owed to such association by such borrower exceeds an amount equal to ten percent of such association's savings liability or an amount equal to the sum of such association's reserves for losses and undivided profits, whichever amount is less, except that any such loan may be made if the sum of (1) and (2) does not exceed \$100,000.

(b) An association may (1) participate with one or more financial institutions, or entities having a tax exemption under section 501(a) of the internal revenue code, in any real estate loan of the type in which such association is authorized to invest on its own account, provided that the participating interest of such association is not subordinated or inferior to any other participating interest; and (2) participate in such real estate loans with other than financial institutions or those entities described, provided that the participating interest of such association is superior to the participating interests of such other participants.

(c) The aggregate balances outstanding of real estate loans on real estate located outside the primary lending area of an association shall at no time exceed ten percent of the assets of the association, except that (1) loans insured or guaranteed in whole or in part by the United States, or a federal agency and (2) loans in which an association owns or has purchased no more than a 75 percent participation interest shall not be subject to this restriction; and

(d) Direct reduction real estate loans on home property and not in excess of 90 percent of the value of the security except as may be provided by the Federal Home Loan Bank Board for federally insured associations, and direct reduction real estate loans on primarily residential property not in excess of 80 percent of the value of the security, including participating interests in such loans, shall average annually, based on monthly computations, at least 70 percent of assets, other than liquid assets, held by the association.

(e) Real estate loans on home property by mortgage or contract for deed, as provided in clauses (a) through (d) above with no limit on purchase or sale thereof; and may participate with other lenders in making, purchasing, or selling such loans, provided (1) the property securing same is within 100 miles of the principal office of such other lender or lenders and (2) that such other lender or lenders participate to the extent of at least 25 percent in such loan and further provided not more than 25 percent of the assets of the association licensed hereunder shall be in such loan.

Sec. 8. Minnesota Statutes 1969, Section 51A.51, Subdivision 2, is amended to read:

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Subd. 2. **INCORPORATION FEE.** ~~Simultaneously with the~~ At the time of filing with the commissioner of application a petition for a certificate of incorporation, the incorporators shall pay a filing fee of \$1,000 which shall be paid into the state treasury and credited to the general fund, and shall pay to the banking department the sum of \$500 as a fee for investigating the application.

Sec. 9. Minnesota Statutes 1969, Section 51A.51, is amended by adding a subdivision to read:

Subd. 3a. FEE FOR ESTABLISHMENT OF OTHER THAN PRINCIPAL OFFICE. There shall accompany each application to the commissioner for establishment of other than the principal office a filing fee of \$1,000 payable to the state treasury and \$500 payable to the banking department.

Sec. 10. Minnesota Statutes 1969, Section 51A.51, Subdivision 3, is amended to read:

Subd. 3. FEE FOR CHANGE OF LOCATION OF AN ESTABLISHED OFFICE. ~~There shall accompany each application to the commissioner for leave to change the location of the principal office, a fee of \$1,000 payable to the state treasury and \$500 payable to the banking department, if contested, a fee of \$50 payable to the banking department, if not contested, and no fee for change of name. There shall accompany each application to the commissioner for leave to change the location of an established office, a fee of \$50 payable to the banking department. In the event of a hearing on the application to change the location of an established office, an additional fee of \$1,000 payable to the state treasury and \$450 payable to the banking department shall be delivered to the office of the commissioner of banks prior to the publication of the notice of hearing.~~

Approved May 18, 1971.

CHAPTER 388—H.F.No.2701

[Not Coded]

An act relating to Ramsey county; providing for the determination by the county of the method for payment of obligations.

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

Section 1. **RAMSEY COUNTY; METHOD OF PAYMENT OF OBLIGATIONS.** Ramsey county shall pay for obligations in accord-

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