

Corporations.

BUILDING AND LOAN ASSOCIATIONS.

CHAPTER 34.

AN ACT to Provide for the Incorporation and Regulation of Building and Loan Associations.

Be it enacted by the Legislative Assembly of the Territory of Dakota :

§ 1. CHARTER.] At any time when ten or more persons may desire to form a Building and Loan Association under the provisions of this act, they shall make application to the Secretary of the Territory in the manner prescribed by the 10th section of this act. The said Secretary is hereby fully empowered to grant charters to said associations, provided that no charter granted under or by virtue of the provisions of this act shall be for a longer period than twenty years.

§ 2. CAPITAL STOCK.] The capital stock of any corporation created by virtue of this act shall at no time consist of more than two thousand five hundred shares of two hundred dollars each. The installments on which stock are to be paid at such time and place as the by-laws shall appoint. No periodical payment to be made exceeding two dollars on each share. Every share of stock shall be subject to a lien for the payment of unpaid installments and other charges incurred thereon, under the provisions of the charter and by-laws, and the by-laws may prescribe the form and manner of enforcing such lien. New shares of stock may be issued in lieu of the shares withdrawn or forfeited; the stock may be issued in one or successive series in such amount as the Board of Directors or stock holders may determine, and any stock holder wishing to withdraw from the said corporation shall have power to do so by giving thirty days notice of his or her intention to withdraw when he or she shall be entitled to receive the amount paid in by him or her, and such proportion of the profits as the by-laws may determine, less all fines and other charges; *Provided*, That at no time shall more than one-half of the funds in the treasury of the corporation be applicable to the demands of withdrawing stock holders without the consent of the Board of Directors, and that no stock holder shall be entitled to withdraw, whose stock is held in pledge for security. Upon the

death of a stock holder, his or her legal representative shall be entitled to receive the full amount paid in by him or her, and legal interest thereon, first deducting all charges that may be due on the stock. No fines shall be charged to a deceased member's account from or after his or her decease, unless the legal representatives of such decedent assume the future payments on the stock.

§ 3. BY-LAWS TO CONTAIN.] The number, titles, functions and compensation of the officers of any corporation created by virtue of this act, their terms of office, the times of their election, as well as the qualifications of electors and the votes and manner of voting, and the periodical meetings of said corporation, shall be determined by the by-laws.

§ 4. LOANING FUNDS.] The said officers shall hold stated meetings, at which the money in the treasury, if over two hundred dollars, shall be offered for loan in open meeting, and the stock holder who shall bid the highest premium for the preference or priority of loan shall be entitled to receive a loan of two hundred dollars for each share of stock held by such stock holder. *Provided*, that good and ample security shall be given by the borrower to secure the repayment of the loan. In case the borrower shall neglect to offer security or shall offer security that is not approved by the Board of Directors by such time as the by-laws may prescribe, he or she shall be charged with one month's interest at the rate charged by the association on loans, and a fine not to exceed one dollar per share, together with any expenses incurred, and the money shall be re-sold at the next stated meeting. In case of non-payment of installments, or interest or premium by borrowing stock holder for the space of six months, payment of principal, and interest without deducting the premium paid or interest thereon may be enforced by proceeding on their securities according to law.

§ 5. PAYMENT OF LOANS.] A borrower may repay a loan at any time by the payment to the corporation of the principal sum borrowed, together with interest not to exceed twelve per cent. per annum, together with such per cent. of premium per annum as may have been bid for the preference or priority of such loan and any fines or charges that may be imposed upon such stock holder at the time of such repayment, or in case the amount of premium bid for the priority of such loan be deducted in advance, and the repayment thereof is made before the expiration of the eighth year after the organization of the corporation, there shall be refunded to such borrower one eighth of the premium paid for every year of the said eight years unexpired: *Provided*, that when the stock is issued in separate series, the time shall be computed from the date of the issuing of the shares of stock on which the loan was made.

§ 6. INTEREST NOT USURIOUS.] No premiums, fines, or interest on such premiums that may accrue to the said corporation according to the provisions of this act shall be deemed usurious; and the same may be collected as debts of like amount are now by law collected in this Territory.

§ 7. NEGLECT NOT TO AFFECT LIFE OF CORPORATION.] No corporation created under this act shall cease or expire from neglect on the part of the corporation to elect officers at the time mentioned in their charter, or by-laws, and all officers elected by such corporation shall hold their offices until their successors are duly elected and qualified.

§ 8. MAY PURCHASE AT SHERIFF'S SALE.] Any building or Loan Association incorporated by or under the provisions of this act, or any one heretofore incorporated accepting of the provisions of the same, is hereby authorized and empowered to purchase at any sheriff's, or other judicial sale, or at any other sale, public or private, any real estate upon which such association may have or hold any mortgage, judgment, lien or other incumbrance or in which said association may have an interest; and the real estate so purchased, or any other that such association may hold, or be entitled to at the passage of this act, to sell, convey, lease or mortgage at pleasure to any person or persons whatsoever, and all sales of real estate heretofore made by such association to any person or persons not members of the association so selling, are hereby confirmed and made valid.

§ 9. VALIDATING SECURITIES.] All mortgages heretofore given to Building and Loan Associations organized under the laws of this Territory before the passage of this act, but such associations subsequently accepting the provisions hereof, be and the same are hereby declared good and valid to all intents and purposes, as though they had been made to corporations organized under the provisions of this act.

§ 10. MODE OF INCORPORATION.] The charter of an intended corporation under the provisions of this act, must be subscribed by ten or more persons, a majority of whom must be citizens of this Territory, and set forth:

1. The name of the corporation.
2. The purpose for which it is formed.
3. The place where its principal office, or the business to be transacted.
4. The time for which it is to exist.
5. The names and residences of the subscribers, and the number of shares subscribed by each.
6. The number of its directors, and the names and residences of those who are selected as directors, and who shall hold their

office until the next annual election, or until their successors are elected and qualified.

7. The amount of its capital stock, and the number and par value of its shares.

§ 11. PUBLIC NOTICE.] Notice of the intention to apply for any such charter shall be inserted in two news papers of general circulation printed in the proper county for three weeks, setting forth briefly the character and object of the corporation to be formed, and the intention to make application therefor. The certificate for a corporation under the provisions of this act, shall set forth all that is hereinbefore required to be set forth, the same shall be acknowledged by at least five of the subscribers thereto before a notary public or other officer authorized to administer oaths, and they shall also make and subscribe an oath or affirmation before him, to be endorsed on said certificate that the statements contained therein are true. The said certificate, accompanied with proof of publication of the notice as hereinbefore provided, shall then be produced to the Secretary of the Territory, who shall examine the same and if he find it to be in proper form, as specified in the foregoing sections, he shall approve thereof, and endorse his approval thereon, and issue letters patent in the usual form incorporating the subscribers and their associates and successors into a body politic and corporate in deed and in law, by the manner chosen, and the said certificate shall be recorded in the office of the Secretary of the Territory, in a book to be by him kept for that purpose, and a certified copy of the said certificate shall be recorded in the office of the Register of Deeds of the county where the principal business of the association is transacted. Certified copies of the records thereof shall be competent evidence for all purposes in the several Courts of this Territory.

§ 12. BY-LAWS.] The by-laws of every corporation created under the provisions of this act or of those accepting the provisions of the same, shall be deemed and taken as its law, subordinates to this statute. They shall be made by the stock holders, or the Board of Directors, at their annual meeting or at any stated meeting of the Board of Directors. They shall prescribe the time and place of meeting of the corporation, the power and duty of its officials, the fines and penalties to be imposed upon delinquents and borrowers for the non-payment of dues, interest, and premiums, and such other matters as may be pertinent and necessary for the business to be transacted.

§ 13. BUSINESS—HOW MANAGED.] The business of every corporation created hereunder, or of those accepting the provisions of the same, shall be managed and conducted by a President, a Board of Directors, or Trustees, a Secretary and Treasurer, and such

other officers or agents as the by-laws may provide. The Directors or Trustees shall be elected annually by the stock holders, or members, at the time fixed by the by-laws, and shall hold their office until others are chosen and qualified in their stead; the manner of such choice, and of the choice or appointment of all other agents or officers, shall be prescribed by the by-laws. The number of Directors or Trustees shall not be less than five, one of whom shall be chosen President by the Directors, or by the members of the corporation, as the by-laws may direct; the members of said corporation may, at a meeting called for that purpose, determine, fix or change the number of Directors or Trustees that shall thereafter govern its officers, and a majority of the whole number of such Directors or Trustees shall be necessary to constitute a quorum. The Treasurer shall give bond in such sum, and with such sureties, as shall be required by the by-laws, for the faithful discharge of his duties, and he shall keep the moneys of the corporation in a separate bank account, to his credit, as Treasurer, and if he shall neglect or refuse so to do, he shall be liable to a penalty of fifty dollars for every day he should fail so to do, to be recovered at the suit of any informer in an action of debt.

§ 14. STOCK CERTIFICATES.] The directors of such Corporation shall procure certificates or evidences of stock, and shall deliver them signed by the President and Secretary and sealed with the common seal of the Corporation to each person or party entitled to receive the same according to the number of shares by him, her, or them respectively held, which certificate or evidence of stock shall be transferable at the pleasure of the holder in person or by attorney duly authorized as the by laws may prescribe, subject, however, to all payments due or to become due thereon, and the assignee or party to whom the same shall have been so transferred shall be a member of said corporation, and have and enjoy all the immunities, privileges and franchises, and be subject to all the liabilities, conditions and penalties incident thereto, in the same manner as the original subscriber or holder would have been, but no certificate shall be transferred so long as the holder is indebted to said Company unless the Board of Directors shall consent thereto.

§ 15. OATH OF OFFICER.] No person acting as judge or officer for holding an election for any such Corporation shall enter upon the duties of his appointment until he take and subscribe an oath or affirmation before a Notary Public or other person qualified by law to administer oaths, that he will discharge the duties of his office with fidelity, that he will not receive any rate but such as he really believes to be legal, and if any such judge or officer shall knowingly or wilfully violate his oath or affirmation he shall be subject to all the penalties imposed by law upon the

officers of the general election of this Territory for violating their duties, and shall be proceeded against in like manner and with like effect.

§ 16. VACANCIES.] In case of the death, removal or resignation of the President, or any of the Directors, Secretary, Treasurer, or other officer of such Company, the remaining Directors may supply the vacancy thus created until the next general election.

§ 17. LAWFUL TO RECEIVE PREMIUMS.] It shall be lawful for any Building and Loan Association now incorporated under the general laws of this Territory and accepting the provisions of this act, or that may hereafter be incorporated, in addition to dues and interest to charge and receive the premiums or bonus bid by a stockholder for preference or priority of right to a loan in periodical installments, and such premium or bonus so paid in installments shall not be deemed usurious but shall be taken to be a payment, as it falls due, in contradistinction to a premium charged and paid in advance, in so far as said premium or bonus so charged and paid, in addition to dues and interest, shall be in excess of two dollars for each periodical payment, the same shall be lawful, any law, usage or custom to the contrary notwithstanding. *Provided*, that the certificate of incorporation of each association hereafter to be incorporated, and the certificate provided in section nineteen of this act for those heretofore incorporated, shall set forth whether the premium or bonus bid for the prior rights to a loan shall be deducted therefrom in advance or paid in periodical installments.

§ 18. WITHDRAWAL OF STOCK.] The by-laws of such association may provide for the voluntary withdrawal and cancellation, at or before maturity of shares of stock not borrowed on. *Provided*, that such withdrawal and cancellation shall be pro rata among the shares of the same series of stock, and, *provided, further*, that not less than twelve per cent. per annum shall be credited and allowed to each share so withdrawn and cancelled.

§ 19. WHEN ENTITLED TO PRIVILEGES OF THIS ACT.] Any Building and Loan Association heretofore incorporated under the provisions of any law of the Territory shall be entitled to all the privileges and immunities, franchises and powers, conferred by this act, upon filing with the Secretary of the Territory a certificate to be by him recorded as provided in section eleven of this act of their acceptance of the same, in writing under the duly authenticated seal of the said association, which certificate shall also prescribe their mode or plan of charging premiums or bonus for priority of loan as set forth in section seventeen of this act, and upon such acceptance and approval thereof by the Secretary

of the Territory he shall issue his certificate to said corporation reciting the same.

§ 20. This act shall take effect and be in force from and after its passage and approval.

Approved, March 13, 1885.

FILING AND RECORDING ARTICLES OF INCORPORATION.

CHAPTER 35.

AN ACT to Amend Sections 389, 390 and 416 of the Civil Code.

Be it enacted by the Legislative Assembly of the Territory of Dakota :

§ 1. SECRETARY TO ISSUE CERTIFICATE.] That section 389 of the Civil Code, be amended to read as follows: 389. Upon the filing of the articles of incorporation with the Secretary of the Territory, he shall issue to the corporation, over the great seal of the Territory, a certificate that the articles containing the required statement of facts have been filed in his office; and thereupon the persons signing the articles, and their associates and successors, shall be a body politic and corporate by the name and for the purposes stated in said articles.

§ 2. RECORDING ARTICLES.] That section 390 of the Civil Code, be amended to read as follows: 390. Upon the filing of any articles of incorporation, as in the last section is prescribed, the Secretary of the Territory shall cause the same to be recorded in a book to be kept in his office for that purpose, to be called "The Book of Corporations," with the date of filing.

§ 3. FILING CERTIFICATE.] That subdivision five of section 416 of the Civil Code, is hereby amended to read as follows: 5. The certificate must be filed in the office of the Secretary of the Territory, there to be recorded in the Book of Corporations, and thereupon the capital stock shall be so increased or diminished.

§ 4. This act shall take effect and be in force from its passage and approval.

Approved, March 2, 1885.

FOREIGN CORPORATIONS.

CHAPTER 36.

AN ACT to Amend Section 569 of the Civil Code of the Territory of Dakota

Be it enacted by the Legislative Assembly of the Territory of Dakota :

§ 1. AGENT TO FILE CERTIFICATE WITH REGISTER OF DEEDS.] That section 569 of the Civil Code of the Territory of Dakota, be and the same is hereby amended by inserting the words, "and register of deeds of the county where said agent resides," immediately after the word "Territory," where said word last occurs in said section and by inserting the words, "or register of deeds" immediately after the word "secretary," where said word last occurs in said section.

§ 2. That this act shall take effect and be in force from and after its passage and approval.

Approved, March 4, 1885.

PROOF OF CORPORATE EXISTENCE.

CHAPTER 37.

AN ACT Relating to Proofs of the Existence of Corporations.

Be it enacted by the Legislative Assembly of the Territory of Dakota :

§ 1. NOT NECESSARY TO PROVE.] In all civil actions brought by or against a corporation, it shall not be necessary to prove on the trial of the cause the existence of such corporation, unless the defendant shall in his answer expressly aver that the plaintiff or defendant is not a corporation.

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

Approved, February 26, 1885.

REPORTS OF CORPORATIONS.

CHAPTER 38.

AN ACT to Amend Section 515 of the Civil Code.

Be it enacted by the Legislative Assembly of the Territory of Dakota :

§ 1. DIRECTORS LIABLE, WHEN.] That section 515 of the Civil Code, be and the same is hereby amended by striking out the following words where they occur in said section: "And if any such corporation shall fail so to do, the directors shall be jointly and severally liable for all debts of the corporation then existing, and for all that shall be contracted before such report shall be made," and inserting instead thereof, as follows: "Any person who wilfully neglects, fails or refuses to make, sign or publish the report, as provided in this section, shall be guilty of a misdemeanor."

Approved, March 13, 1885.

Costs in Civil Actions.

CHAPTER 39.

AN ACT to Repeal Section Three of Chapter Eleven of the Laws of 1883, entitled "An act Relating to Costs in Civil Actions and to Revive Former Section Three Hundred and Seventy-eight of the Code of Civil Procedure of the Territory of Dakota."

Be it enacted by the Legislative Assembly of the Territory of Dakota :

§ 1. REPEALED.] That section three of chapter eleven of the laws of 1883, entitled "An act relating to costs in civil actions," be and the same is hereby repealed.

§ 2. REVIVED.] That section three hundred and seventy-eight of chapter fifteen of the Code of Civil Procedure, be and the same is hereby revived.

§ 3. That this act shall take effect and be in force from and after its passage and approval.

Approved, March 13, 1885.