

consist of the secretary of state, the state auditor and the attorney general, whose duty it shall be to examine and audit the accounts, books and vouchers of the state treasurer, and to take an account and ascertain the amount of funds in the state treasury or belonging to the state at least twice in each year without previous notice to the treasurer, and make report thereof and of their acts and doings in the premises to the governor, and also to witness and attest the transfer and delivery of accounts, books, vouchers and funds by any out-going treasurer to his successor in office, and report the same to the governor, and the failure or neglect of the aforesaid board of auditors or any member thereof, to do and perform any of the acts at the time, or times, and in the manner in this section provided for, shall constitute and be misdemeanor in office, provided, that the physical disability of any member of the aforesaid board shall be sufficient excuse, during such disability, for the non-performance of his part of any of the acts herein required. The board is authorized and empowered to employ such expert accountants as it may deem necessary to carry out the provisions of this act.

Approved March 6, 1911.

BANKS AND BANKING

CHAPTER 53.

[S. B. No. 20—Ellingson]

LOANS FROM BANKING ASSOCIATIONS.

AN ACT Prescribing the Conditions by which the Public Examiner, His Deputies and Employees of the State Public Examiner's Department, Officers and Employees from any Banking Association in this State may Secure Loans from Banking Associations with which they are in any way Connected, and Fixing the Liability for Non-compliance with the Provisions of this Act.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. CERTAIN PERSONS NOT TO BORROW. EXCEPTIONS CONDITIONED.]
That no officer or employee of any banking association in this state nor the public examiner, his deputies or any employee of such public examiner's department, shall be permitted to borrow any of the funds of the banking association upon his own

note or obligation, whether secured or unsecured, without first obtaining the approval of a majority of the board of directors of said banking association or from a committee selected by a majority of the board of directors, the names of the committee so selected from the directors of said banking association to be recorded in the minutes of the association. All loans approved and obtained under authority of this act shall be made a part of the records of said banking association; provided, further, that if the directors of any incorporated banking association shall knowingly permit any of the officers, directors or employees of such banking association, or the public examiner, his deputies or any employee of the state public examiner's department to borrow any funds from such banking association in excess of that authorized by law or in a dishonest manner or in a manner incurring great risk or loss to such banking association, every director who is directly or indirectly responsible by his acts for any loss to such banking association shall be held liable in his personal and individual capacity for all damage which the corporation or any other person, shall have sustained in consequence thereof.

Approved February 21, 1911.

CHAPTER 54.

[S. B. No. 227—Gunderson.]

RESTRICTIONS OF CORPORATIONS HAVING BANKING POWERS.

AN ACT Making it Unlawful for Corporations Having Banking Powers to Invest More Than Thirty Per Cent of its Capital Stock and Surplus in Banking House, Furniture and Fixtures, Defining its Powers as to Other Real Estate and Repealing Section 4640 of the Revised Codes for the Year 1905.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. It shall be unlawful for any corporation having banking powers to invest more than thirty per cent of its capital stock and surplus in banking house, furniture and fixtures, including the lot, piece or parcel of land on which such banking house is located.

§ 2. POWERS AS TO OTHER REAL ESTATE.] It shall have the power to purchase, hold and convey such other real estate as shall be mortgaged to it in good faith by way of security for loans, or for debts previously contracted.

Such as may or shall be mortgaged to it in good faith in satisfaction of debts previously contracted in the course of its dealings.

Such as it shall purchase at sales under judgments, decrees or mortgages held by the corporation, or shall purchase to secure debts due it; but no banking corporation shall hold the possession of any real estate under mortgage, or the title and possession of any real estate purchased to secure indebtedness, for a longer period than five years from date of acquiring title thereto. And all real estate heretofore and hereafter conveyed by any such banking corporation, shall be deemed to have been acquired, held and disposed of in conformity with the provisions of this chapter.

§ 3. Any banking corporation violating the provisions of this act shall be subject to a fine of not more than five hundred dollars and cancellation of its organization certificates, provided that such corporations now in existence and not in compliance herewith, shall have time until July 1, 1913, to comply with this act.

§ 4. It shall be the duty of the State Examiner to enforce the provisions of this act.

§ 5. Section 4640 of the Revised Codes of the year 1905 is hereby repealed.

Approved March 3, 1911.

CHAPTER 55.

[S. B. No. 210—McDowell]

CREATION OF BANKING DEPARTMENT. STATE BANKING BOARD.
AN ACT To Amend Sections 4635, 4638, 4641 and 4664 of the Revised Codes of 1905, relating to State Banking Corporations; Creating a Separate Banking Department; and Providing for Placing Banking and other Financial Corporations within the Jurisdiction and Control of the Same.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. That Section 4635 of the Revised Codes be and the same is hereby amended so as to read as follows:

§ 4635. CREATION OF BANKING DEPARTMENT. STATE BANKING BOARD.] (1) There is hereby created a department of banking which shall have charge of the execution of all laws relating to state banks, savings banks, trust companies, building and loan associations, mutual investment corporations, mutual savings corporations and other financial corporations heretofore or hereafter organized or doing business under the laws of the state of North Dakota, and engaged wholly or in part in the receiving of deposits or the selling of their certificates of indebtedness or other obligations to the public.

Such department shall be designated as the "Department of Banking," and it shall be under the management and control of the state banking board and a chief officer to be known as the state examiner.

(2) The state banking board shall consist of the governor, the secretary of state, and the attorney general; and ex-officio the president and secretary of the corporation known as the North Dakota Bankers' Association, so long as said corporation shall maintain its corporate capacity. None of the members of said board shall receive any compensation for their services other than that now provided by law and the two members last named shall be entitled to attend all meetings of said board and to participate in its deliberations but shall not vote in the deciding of questions coming before it. The governor shall be the chairman of said board and the attorney general shall be ex-officio the attorney for the board, and the state examiner shall be its secretary. A majority of the first three members shall constitute a quorum. Said board shall hold regular meetings on the first Wednesdays of January, April, July and October of each year, at the office of the department in the state capitol at Bismarck, and special meetings at the call of the governor.

(3) The said board shall have, and there is hereby vested in it, the power to make such rules and regulations for the government of such corporations, as in its judgment may seem wise and expedient, which rules shall not conflict with any laws of the State of North Dakota or of the United States. It shall be the duty of said board at each regular meeting and at any special meeting called for that purpose, to examine all reports made by said corporations relating to their condition, and all reports of regular and special examinations made by the state examiner and deputy examiners from his department and filed with said board during the preceding quarter or such period as shall have elapsed since the last meeting of said board, and to approve or disapprove the same, and to make and enforce such orders as, in its judgment, may be necessary or proper to protect the public and particularly the depositors or creditors of said institutions. Said board and the state examiner and deputy examiners shall have the power to subpoena witnesses, administer oaths, and generally to do and perform any and all acts and things necessary to the complete performance of the duties herein imposed, and to enforce all of the provisions of this article, and for the purpose of enabling them to perform all the duties imposed upon them, the provisions of section 7572 of the Revised Codes shall be held as applicable to their proceedings. Any and all orders made by said board shall be immediately operative and remain in full force until modified, amended or annulled by such board, or by a court of competent jurisdiction, in an action to be commenced

by the party against whom such order may have been issued. Said board shall keep a full and complete record of all its proceedings and of all orders made by it, and the records of the state banking board, and of the state examiner, and of any and all reports made by or filed with the board or the state examiner shall, under proper restrictions, during regular business hours, be open to inspection and examination by stock-holders, depositors, creditors and sureties on any bonds of any of the said corporations or on the bonds of any officer or employe thereof. The said board is hereby vested with the power and authority to appoint by its own order, receivers for insolvent corporations as defined in this article, and such receivers shall have the same power and authority, and their acts the same validity as if appointed under and by the direction of a district court, but nothing herein contained shall be construed so as to take away from the courts the power to appoint receivers of such institutions at any stage of the proceedings and thus terminate the receivership ordered by the board.

(4) The state examiner shall, under the direction and subject to the orders of the state banking board, exercise a constant supervision, either personal or through the deputy examiners hereinafter provided for, over the business and affairs of all the financial corporations placed by this act within the jurisdiction of the state banking board and shall, personally or through the deputy examiners herein provided for, visit at least twice each year, all of said corporations, inspecting and verifying the assets and liabilities of each, and so far investigate the character and value of the assets of each such corporation as to ascertain with reasonable certainty that the values are correctly carried on its books. He shall further investigate the methods of operation and conduct of said corporations and their systems of accounting, to ascertain whether such methods are in accordance with the law and sound banking usage and principles, and report the findings, conclusions and recommendations upon such examinations to the banking board and put into force and effect such orders and directions as it may make in reference thereto.

(5) The state examiner shall be ex-officio secretary of the state banking board, and he shall keep all proper records and files pertaining to the duties and work of his office and the proceedings of the board and shall report to the board annually, touching on all his official acts and those of his deputy examiners, giving abstracts of statistics and of the conditions of the various institutions to which his duties relate, and making such recommendations and suggestions as he may deem proper, which report shall be printed and bound in a satisfactory and substantial manner and distributed among all of the state banks and other

corporations within his jurisdiction. The state banking board shall make biennial reports the same as other state officers and boards, in which there shall be included with a full report of its proceedings, a summary or abstract of the reports of the state examiner.

(6) The state examiner may, subject to the approval of the state banking board, appoint and at pleasure remove, not more than ten (10) deputy examiners and one stenographer and such other employees as may in the judgment of the state banking board, be necessary for the proper discharge of the business of his department. Each deputy examiner shall give bond to the state in the sum of \$10,000 to be approved and filed in the same manner as the bond of the state examiner. The state examiner shall select and designate one of said deputy examiners to be the office deputy and to act during the absence or disability of the state examiner, and in such cases the deputy examiner so authorized shall have charge of the office and administer its affairs. Six of the said deputy examiners so appointed shall have had at least three years' active experience in bank work within this state and shall furnish such evidence of qualification as expert accountants and general fitness for the duties as may be demanded by the banking board.

(7) For the purpose of the better administration of his department the state examiner shall, immediately after the taking effect of this act, proceed to divide the state into six districts which shall have as nearly as may be, banks and other financial institutions of an equal number, and arranged with reference to convenience and economy in travel and shall at once designate the district in which each of his six deputy examiners shall make examinations, and such deputy examiners shall confine their work, as near as may be, to the examination of corporations located within their respective districts, except that any such deputy examiners may be temporarily transferred to other districts, or more than one deputy examiner may be assigned temporarily to any district when the proper performance of the work therein would indicate the necessity for so doing. No deputy examiner shall have any interest directly or indirectly in any corporation within the jurisdiction of the banking department, nor in any corporation engaged wholly or in part in the writing or issuing of bonds of or for any such corporation or of the officers or employees of any such corporations.

(8) Each deputy examiner herein provided for shall be under the direct orders and instructions of the state examiner and shall make report to him in such form as he or the banking board may prescribe during or immediately after the completion of the examination of each financial institution examined by him, with such recommendations and suggestions as he may deem advisable.

(9) The salary of each deputy examiner shall be two thousand dollars per annum and in addition thereto he shall be paid his actual and necessary travelling expenses when engaged in the discharge of his duties; the salary of the stenographer shall be twelve hundred dollars per annum and the salaries of other clerks or assistants herein provided for, shall be fixed by the state banking board.

§ 2. Section 4638 of the Revised Codes of 1905 is hereby amended and re-enacted to read as follows:

§ 4638. ACKNOWLEDGEMENT AND RECORD.] The organization certificate shall be acknowledged before a clerk of some court of record, or a notary public, and shall be, together with the acknowledgement thereof, authenticated by the seal of such court or notary, recorded in the office of the register of deeds in the county where such banks may be established, and such certificate thus authenticated shall be transmitted to the secretary of state who shall record and carefully preserve the same in his office, certify the facts to the state banking board and issue a certificate of authority to the corporation, which certificate of authority shall be transmitted to and held by the state examiner until an examination is made and the certificate of the state examiner or a deputy examiner procured, to the effect that the capital stock has been paid in full, and that all conditions of the law have been strictly complied with.

§ 3. Section 4641 of the Revised Codes of 1905 is hereby amended and re-enacted so as to read as follows:

§ 4641. CAPITAL STOCK.] Hereafter no association shall be organized under this chapter in cities, towns or villages containing less than one thousand inhabitants with a capital stock of less than ten thousand dollars; in cities, towns or villages containing over one thousand inhabitants and less than two thousand inhabitants, with a capital stock of less than twenty thousand dollars; in cities, towns or villages of over two thousand, and not exceeding three thousand inhabitants with a capital of less than thirty thousand dollars; in cities, towns or villages of over three thousand and not exceeding four thousand inhabitants, with a capital of less than thirty-five thousand dollars; in cities, towns or villages of over four thousand, and not exceeding five thousand inhabitants, with a capital of less than forty thousand dollars; and in cities, towns or villages of over five thousand inhabitants, with a capital of less than fifty thousand dollars. All of the capital stock of every association shall be paid in before it shall be authorized to commence business, and evidence of such payment of capital stock either in actual money or a deposit in a previously approved correspondent bank must be furnished to the state examiner or deputy examiner before the certificate of authority may be delivered. For the

purpose of this section, the population of the city, town or village shall be determined by multiplying by four the total vote cast for member of congress, at the last general election held in such city, town or village; no such association having been organized to transact business in any city, town or village, and which may have sold or converted its business to a national bank, or other banking business which is continued at the same place, shall be allowed to remove its charter or its articles of incorporation to and recommence business at another place; but where it can be clearly shown that a banking association which has not changed, sold or converted its business as hereinbefore recited, is located at a place where there is not sufficient business for the profitable conduct of a bank, such association may apply to the banking board for authority to remove its business to some other place within the state and to change its name if desired; and upon the approval of such application by the state banking board and the proper amendment of the article of incorporation, the board may issue authority for such removal and change; provided, that no such association shall be allowed to remove its business to any city, town or village without having the full amount of capital stock required by this chapter for a new organization in such city, town or village. The corporate existence of any bank or corporation heretofore organized with a capital of less than ten thousand dollars shall not be renewed unless such corporation seeking to renew its existence shall increase its capital to the amount required by this act for the organization of a new banking corporation in the city, town or village where such bank is located at the time of such renewal. When any association whose capital is less than ten thousand dollars, applies for a renewal of its corporate existence, it shall, before being permitted to continue its corporate existence, furnish satisfactory evidence through the state banking board that its articles of association have been properly amended and the full amount of the increased capital has been actually paid in cash; provided, that such association in renewing its existence, may, with the consent and approval of the state banking board, convert its then accumulated surplus and undivided profits into capital, to be apportioned amongst the share holders entitled thereto, or their assigns.

§ 4. Section 4664 of the Revised Codes of 1905 is hereby amended and re-enacted to read as follows:

§ 4664. FEES FOR EXAMINATION.] Every corporation contemplated to be, by this act placed under the jurisdiction and control of the state banking board, and made subject to the examination of the state examiner and his deputy examiners, shall if a new corporation, prior to receiving its certificate of authority to commence business, and in all cases within ten days

after each examination, pay into the state treasury the following fees or sums, to-wit: Those having a paid-up capital stock of less than twenty thousand dollars, fifteen dollars; those having a capital of twenty thousand dollars and less than thirty thousand dollars, twenty dollars; those having a capital of thirty thousand dollars and less than forty thousand dollars, twenty-five dollars; those having a capital of forty thousand dollars and less than fifty thousand dollars, thirty dollars; those having a capital of fifty thousand dollars and less than sixty thousand dollars, thirty-five dollars; those having a capital of sixty thousand dollars and less than seventy-five thousand dollars, forty dollars; those having a capital of seventy-five thousand and not over one hundred thousand dollars, fifty dollars; those having a capital of over one hundred thousand dollars and less than two hundred thousand dollars, one hundred dollars; those having a capital of over two hundred thousand dollars, one hundred twenty-five dollars.

Building and loan associations, mutual improvement corporations, mutual investment corporations, and other corporations of a mutual character, having no capital stock, or a nominal capital stock, shall pay a semi-annual fee of twenty-five dollars for the first one hundred thousand dollars of assets, and five dollars for each additional one hundred thousand dollars or major fraction thereof of assets.

The treasurer shall report such payments to the banking board, and if any such corporation shall be delinquent more than twenty days in making such payments, the board may make an order suspending its functions until such payment is made, and such order shall be rescinded only upon payment of the amount due and a penalty of five dollars additional for the delay.

§ 5. APPROPRIATION.] There is hereby annually appropriated from any moneys in the state treasury not otherwise appropriated, the sum of twenty-nine thousand dollars or so much thereof as may be necessary for the payment of the salaries and expenses of the persons to be appointed under the provisions of this act.

§ 6. REPEAL.] All acts and parts of acts inconsistent with or repugnant to this act are hereby repealed; provided, however, that this act shall not affect any offense committed, any right acquired, or any obligation imposed by or under any law in force up to the date of the taking effect of this act. But all such offenses, rights, and liabilities shall remain and be prosecuted, maintained or defended under the law existing at the time such offense was committed or such right or liability accrued.

Approved March 6, 1911.

CHAPTER 56.

[S. B. No. 185—Pierce]

ESTABLISHMENT OF SAVINGS BANKS.

AN ACT Providing for the Establishing of Savings Banks and Defining the Powers and Restrictions of the Same.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. ORGANIZATION.] Any number of persons, not less than five, at least three of whom must be residents of this state, may associate themselves together for the purpose of organizing and operating a savings bank, by complying with the provisions of sections 4636, 4637 and 4638 of the Revised Codes and thereupon shall be vested with the powers provided for in sections 4639 and 4640 of the Revised Codes, subject to such limitations as are in this act provided.

§ 2. CAPITAL STOCK.] The capital of every such savings bank shall be divided into shares of the par value of One Hundred (\$100.00) Dollars each, and shall not be less than twenty-five thousand (\$25,000) Dollars in cities, towns or villages having a population of less than five thousand, nor less than fifty thousand (\$50,000) Dollars in cities having a population of five thousand or more, and the capital stock of every association incorporated hereunder, shall be paid up in full before such corporation shall be authorized to commence business.

§ 3. MANAGEMENT. OFFICERS. MEETINGS.] The business and property of savings banks incorporated hereunder shall be managed by a board of directors, not less than five, nor more than nine, the majority of whom shall be residents of this state, all of whom shall be share-holders, and no person shall be eligible as director of any savings bank, nor can he qualify to serve as such, unless he owns in his own right not less than ten (10) shares of the capital stock in such bank. Each director before acting as such, shall take an oath that he will diligently, faithfully and impartially perform the duties imposed upon him by law, that he will not violate or willingly permit to be violated any of its provisions; that he is the owner in his own right of ten (10) shares of the capital stock of such savings bank, and that the same is not hypothecated as security to any loan or debt, which oath shall be filed with and preserved in the office of the public examiner. The directors at their first meeting and as often thereafter as the by-laws require, shall elect from their number a president, whose term shall be indeterminate but at the pleasure of a majority of the board of directors,

and one or more vice-presidents, a treasurer, and a secretary of the board of directors for the ensuing year, and shall have authority to appoint a cashier, and assistants to other officers and employees as may be required, and which appointees shall hold their office during the pleasure of the board of directors, and shall give such security for the faithful performance of their duties as may be required of them by the by-laws.

§ 4. DEPOSITS.] Savings banks organized hereunder may receive on deposit money equal to twenty times the aggregate amount of its paid up capital and surplus, and no greater amount of deposits shall be received without a corresponding increase in the aggregate paid up capital and surplus. Deposits so received shall be paid to the order of such depositor or his representative, with such interest and under such regulations as the board of directors from time to time prescribe, not inconsistent with the provisions of this chapter, which rules and regulations shall be printed in a pass book furnished the depositor, and also conspicuously exposed in the business office of the bank in some place accessible and visible to all and no alterations which may at any time be made in such rules and regulations affecting the rights of depositors acquired previously thereto in respect to the deposits or interest thereon shall be operative until sixty days after the posting of such alteration; provided, however, that in order to prevent loss to the depositor, by enforced sale of securities before their real value, it shall be lawful for the directors in their discretion, to require notice of one week before the withdrawal of any part of any savings deposits of more than Ten (\$10.00) Dollars and not exceeding One Hundred (\$100.00) Dollars; of two weeks before the withdrawal of any part of any deposit of more than One Hundred (\$100.00) Dollars and not exceeding Five Hundred (\$500.00) Dollars; of three weeks before the withdrawal of any part of any deposit of more than Five Hundred (\$500.00) Dollars and not exceeding One Thousand (\$1000.00) Dollars; of thirty days before the withdrawal of any part of any deposit of more than One Thousand (\$1000.00) Dollars and not exceeding Two Thousand (\$2000.00) Dollars; of sixty days before the withdrawal of any part of any deposit of more than Two Thousand (\$2000.00) Dollars and not exceeding Three Thousand (\$3000.00) Dollars, and in case where the deposit has been made on certificate for a definite time and the depositor fails to withdraw the same within thirty days after such definite time, then notice for withdrawal may be required as prescribed above and provided further that the directors of such savings bank may, and by the written consent of, and shall, at the direction of the State Banking Board, make any changes deemed necessary in regard to the notices heretofore required to be given by the depositor for

the withdrawal of their deposits, by extending the time that notice shall be given by any depositor for the withdrawal of all deposits, to any period of time not exceeding six months; and provided, further, that the directors may limit the aggregate amount that any depositor may deposit to such sum as they deem it expedient to receive, and may in their discretion refuse to receive any deposit, and may also, at any time, return all or any part of any deposit and the accrued interest thereon to any depositor without notice.

§ 5. LIMIT OF INTEREST.] All accounts, upon which no deposits or drafts have been made for the period of six years in succession, and the whereabouts of the depositor be not known to any officer of the savings bank, shall be so far closed that neither the sum deposited nor the interest which shall have accrued thereon shall be entitled to any interest after the expiration of six years from the date of the last deposit or draft. This provision, however, shall not apply to endowments nor to trust estates nor to other cases where special provision is made therefor at the time of the deposit thereof.

§ 6. INVESTMENT OF FUND.] A savings bank incorporated hereunder shall invest its capital, its deposits, its surplus and its profits only as follows:

First: In bonds of the United States.

Second: In bonds or evidences of debt in this state or in the bonds of other states in the union.

Third: In bonds or warrants of any county in this state, or in the bonds or warrants of any city in this state, or any special improvement district therein, or in the bonds or warrants of any village, township, school district or drainage district in this state, issued pursuant to the authority of law, but not exceeding thirty per cent of the assets of such savings bank shall be invested in such bonds or warrants.

Fourth: In notes or bonds secured by mortgage or deed of trust upon unincumbered real estate in this state, which real estate shall be worth, exclusive of all improvements, at least, twice the amount loaned thereon, but, in addition thereto, there may be loaned thirty per cent of an appraised value of any buildings on said real estate provided fire insurance policies are maintained and deposited as collateral to such mortgage.

Fifth: In the mortgage bonds of any railroad corporation, incorporated under the laws of any of the United States, provided that during each of the ten fiscal years of such railroad corporation next preceding the date of such investment:

1. Such railroad corporation shall have paid the matured principal and interest of all its mortgage indebtedness.

2. Such railroad shall have paid in dividends in cash to its stockholders, an amount of at least four per cent per annum upon all its outstanding stock of every class.

Sixth: To the extent of sixty per cent of the total demand deposits, in promissory notes due not more than one year from the date of loan, but no such loan shall be made unless the obligation evidencing the same bears the signature or endorsement of at least two persons whose net worth, as shown by sworn statement, is more than ten times the amount of the loan, provided, that where there are pledged securities such as such corporation is by this chapter authorized to invest its funds, there may be loaned an amount not to exceed eighty per cent of the value of such securities, and provided, further, that no such loan shall be made to a person in excess of five per cent of the total demand deposits, and in no event more than fifteen per cent of the capital stock and surplus.

§ 7. DIVIDENDS.] No dividend shall be declared or paid to any stockholder save out of the undivided profits on hand after paying or setting apart a sum sufficient for the payment of:

First: All expense for operating the bank.

Second: All interest due and accrued to depositors according to the rate fixed therefor in the by-laws.

Third: The taxes for the current year.

Fourth: Ten per cent of the net profits to the surplus fund until such fund amounts to thirty per cent of the paid in capital stock.

§ 8. DEPOSITS BY EXECUTORS, MINORS, ETC.] Deposits made by a person as executor, administrator, or guardian, or in any other official position, shall be payable to him as such official, or if personally made by a minor, shall be paid to him, although he have no guardian, or if he has a guardian, it shall not be necessary to obtain his consent to such payment, but a check, receipt of acquittance, signed by such minor therefor shall be valid and binding. If made by any corporation, association or society, payment shall be made to any person authorized by its board of directors or trustees to receive the same.

§ 9. RESERVE.] Each savings bank shall at all times have on hand in available funds an amount which shall equal: (1) Twenty per cent of its total deposits subject to check, or on demand, (2) eight per cent of its total deposits on time certificate, and (3) five per cent of its total savings deposits subject to notice as herein authorized, three-fifths of these amounts may consist of balances due the savings bank from such solvent state or national banks or trust companies as shall have been approved by the state banking board, but the remaining two-fifths of such reserve shall consist of actual cash on hand; cash items shall not be included in computing reserve, and no savings bank shall carry as cash or cash items any paper or other matter except legitimate bank exchange, which shall be cleared on the same or next successive business day. Whenever the available funds

within the meaning of this section shall be below the percentage of its deposits stated therein, such savings bank shall not increase its liabilities by taking any new loans or make any dividend of its profits until the required proportion between the aggregate amount of the deposits and its lawful money reserve has been restored, and the said banking board shall notify any bank whose reserve shall be below the amount required, to make good such reserve, and if such savings bank shall fail to do so for a period of thirty days after such notice, the state banking board may impose a penalty of not less than One Hundred (\$100.00) Dollars nor more than Five Hundred (\$500.00) Dollars; which penalty shall be collected in the same manner as other penalties described in this chapter.

§ 10. SAVINGS DEPOSITS, WHO MAY TAKE. PENALTY.] Every corporation organized under the provisions of this act shall use the words "Savings Bank" as a part of its corporate name, and it shall not be the same name as that of any other bank heretofore or hereafter incorporated in this state, and no corporation not organized under the provisions of this act shall use the word "Savings" as a part of its title, and no corporation, except national banking corporations, state banks, and annuity, safe deposit and trust companies organized under the laws of this state, shall receive savings deposits without first complying with and organizing under the provisions of this chapter. Any person violating the provisions of this section shall be guilty of a misdemeanor.

§ 11. LOANS TO DIRECTORS AND OFFICERS.] No savings bank shall make any loan to any of its directors or officers except on security as required herein, and in addition thereto a resolution of the board of directors passed and spread on the records of the corporation.

§ 12. OTHER PROVISIONS APPLICABLE.] Except as herein otherwise provided, the following sections of the civil code are hereby made applicable to Savings Banks under this article; to-wit:

Sections 4635, 4642, 4643, 4644, 4645, 4646, 4647, 4651, 4652, 4653, 4654, 4656, 4658, 4659, 4660, 4661, 4663, 4664, 4665, 4666, 4667, 4668, 4669, 4670, 4671, 4672, 4673, 4674, and 4675.

§ 13. REPEAL.] All acts or parts of acts in conflict with this act are hereby repealed.

Approved March 3, 1911.