

Invalid unless in writing and signed by wife.

of law, shall be of any validity unless the same be by written instrument and unless the husband and wife if both be living concur in and sign the same joint instrument.

Approved April 10, 1896.

## CHAPTER 85.

H.F. 378.

AN ACT defining building and loan or savings and loan associations and providing for the organization, regulation, examination and control, and providing a penalty for the violation of said regulations, and repealing acts and parts of acts inconsistent with this act.

*Be it enacted by the General Assembly of the State of Iowa:*

What constitutes building and loan and savings and loan associations.

Domestic local associations.

Does business only in one county, city or town.

City or town in more than one county.

Domestic associations.

Not restricted to one county, city or town.

Foreign associations.

Incorporated in other state or country.

Five residents may incorporate.

Capital.

Commence business when 100 shares are subscribed.

SECTION 1. Corporations organized for the purpose of furnishing money to their members upon sufficient security shall be known as building and loan or savings and loan associations. Domestic local building and loan or savings and loan associations shall include corporations, societies, organizations, or associations, incorporated under the laws of this state for the purpose of and doing business only within the county in which is situated the town or city named in its articles of incorporation as its principal place of business; *Provided* that where the town or city named in its articles of incorporation as the principal place of business is situated in more than one county and the business of the association is restricted to the town or city and to the county within which is located its principal office, said association shall be deemed a domestic local building and loan or savings and loan association within the meaning of this act. Domestic building and loan or savings and loan associations shall include corporations, societies, organizations or associations incorporated under the laws of this state for the purposes herein provided, the business of which is not restricted to the county in which is situated the town or city named in its articles of incorporation as its principal place of business. Foreign building and loan or savings and loan associations shall include corporations, societies, organizations, or associations incorporated under the laws of another state, territory, country or nation for the purposes specified herein.

SEC. 2. Any number of persons not less than five, residents of the state of Iowa may become incorporated as building and loan or savings and loan associations under the general incorporation laws of this state, except as otherwise herein provided and upon complying with the provisions of this act.

SEC. 3. The capital named in the articles of incorporation shall be taken to mean the authorized capital, and the association may commence business when one hundred shares thereof have been subscribed and the other provisions of this act in relation thereto have been complied

with. Such associations shall be governed by a board of directors who shall be elected annually by the stockholders and who shall hold their office for not less than one nor more than five years, and if for a longer period than one year it shall be so arranged that the terms of an equal number thereof, as nearly as may be, shall expire each year.

Governed by board of directors.  
Elected annually for from one to five years.

SEC. 4. The articles of incorporation shall show:

What articles of incorporation shall show.

1. The names and residences of the incorporators.
2. The name of the association and its principal place of business
3. The purpose for which such association is formed.
4. The terms and plan of becoming and continuing a member.
5. The plan of making loans.
6. The plan of distributing profits.
7. The plan of equalizing losses.
8. The plan and terms of withdrawal of members.
9. The plan of providing for payment of expenses.
10. The number of shares into which capital stock is to be divided.
11. The classes into which its capital stock is to be divided and the terms of paying for the same by subscribers.
12. The term of corporate existence.
13. The manner of electing officers and filling vacancies.

SEC. 5. Such articles of incorporation, with the by-laws of the association, shall be presented to the executive council, and if it finds that they are in conformity with the law, it shall attach thereto its certificate of approval, and thereupon such articles and by-laws shall be filed in the office of the auditor of state, who shall issue a certificate authorizing the association to transact business. Amendments to such articles of incorporation may be made from time to time at any regular or special meeting of the stockholders and shall in like manner be submitted to the executive council and approved by it. The council shall keep a record of its proceedings with reference to such associations.

Articles of incorporation and by-laws to be approved by executive council.  
Attach certificate.  
Filed in office auditor of state.  
Auditor to issue certificate.  
Amendments. Approved by executive council.  
Executive council keep record of proceedings.

SEC. 6. The officers of any domestic building and loan or savings and loan association who sign or endorse checks or handle any funds or securities of such association shall give such bonds or fidelity insurance for the faithful performance of their duties in such sum as the board of directors may require, and no such officer shall be deemed qualified to enter upon the duties of his office until his bond is approved by the board of directors and by the state auditor. Said bond shall be deposited and filed with the auditor of state. All such bonds shall be increased or additional securities required by the board of directors or the auditor of state when it becomes necessary to protect the interests of the association or its members, and no

Officers of domestic associations to give bonds.  
Directors and auditor of state approve bonds.  
Additional security for bonds.

	director shall be accepted as surety on such bonds and no person shall be accepted as surety on the bond of more than one officer of said association. The directors shall be individually liable for loss to the association or its members caused by their failure to require a compliance with the provisions of this section.
Directors individually liable for loss on failure of duty.	
Officers of domestic local associations to give bonds.	SEC. 7. The officers of any domestic local building and loan or savings and loan association who sign or endorse checks or handle any funds or securities of said association shall give such bond or fidelity insurance for the faithful performance of their duties in such sum as the board of directors may require, and no such officer shall be deemed qualified to enter upon the duties of his office until his bond is approved by the board of directors and the clerk of the district court of the county of the principal place of business of said association. Said bond shall be deposited with the said clerk, and it is hereby made the duty of the said clerk to approve said bonds and to receive the same as herein provided. No person shall be accepted as surety on the bond of more than one officer of said association. All such bonds shall be increased or additional securities required by the board of directors or by the clerk of said district court when it shall be deemed necessary to protect the interests of the association or its members. The directors shall be individually liable for loss to the association or to its members caused by their failure to require a compliance with the provisions of this section.
Board of directors and clerk district court approve bond.	
Bond deposited with clerk district court.	
Sureties on bonds. Additional security for bonds.	
Directors individually liable for loss on failure of duty.	
Unlawful to receive deposits without issuing shares of stock.	SEC. 8. It shall be unlawful for any building and loan or savings and loan association to receive deposits of money without issuing shares of stock for the same, or to transact a banking business.
Power to issue stock.	SEC. 9. All building and loan or savings and loan associations upon receiving the certificate from the auditor shall have power, subject to the terms and conditions contained in their articles of incorporation and by-laws, to issue stock to members to be paid for in single, stated or monthly payments, but not more than ten thousand dollars of stock computed at par value of any kind shall be issued to one person; to assess and collect from members such dues, membership fees, fines, premiums, and interest on loans as may in the articles of incorporation and by-laws have been provided, and the same shall not be held to be usurious; to permit members, other than holders of guaranty stock, to withdraw all or a part of their stock deposits upon such terms and at such times as the articles of incorporation and by-laws may provide; to acquire, hold, encumber, and convey such real estate and personal property as may be necessary for the transaction of their business; to make loans to members on such terms, conditions, and securities as the articles of incorporation and by-laws provide, said loans to be made only on real estate security or on the security of their own shares of stock not to exceed
Payments on stock. Not more than \$10,000 to be issued to one person.	
To collect dues, fees, fines, etc.	
Not to be held as usurious.	
To permit withdrawal of stock.	
To acquire, hold, encumber and convey real and personal property.	
To make loans on real estate and stock not exceeding 90 per	

ninety per cent of the withdrawal value thereof. In case of foreclosure the borrower shall be charged with the full amount of the loan made to him, together with the dues, interest, premium, and fines for which he is delinquent, and he shall be credited with the same value of his pledged shares as if he had voluntarily withdrawn the same.

SEC. 10. All funds except those necessary to defray the expenses of the association shall be invested for the benefit of the shareholders. For every loan made a non-negotiable note or bond secured by first mortgage on real estate shall be given, unless the prior mortgage is to the same association, then a second mortgage may be taken to secure said note, except when such loan is on the withdrawal value of stock only. Said note or bond shall be accompanied by the transfer of the shares of stock of the borrower to the association to be held as collateral security.

SEC. 11. Each member shall have one vote for each one hundred dollars of stock par value owned and held by him at any election and may vote the same by proxy, but no person shall vote more than ten per cent of the outstanding shares at the time of said election. Any one depositing or transferring stock to the association as collateral security shall be deemed the owner of such stock within the meaning of this section.

SEC. 12. Any guardian, executor, administrator, or trustee shall have the right to vote, manage and control the shares held by him in his representative capacity.

SEC. 13. The expenses of every such association shall be paid from the earnings, or from a fixed charge provided for in the by-laws, and said expenses shall not exceed eight dollars for the maturing of every one hundred dollars of installment stock, said sum to be equitably distributed over the maturity period; and two dollars per year for every one hundred dollars for full paid or prepaid stock. The net earnings of such association shall be apportioned as a dividend, annually, semi annually or quarterly to members in such manner as the articles of incorporation and by-laws may provide. Membership fees and expenses incurred in making loans shall not be deemed a part of the expenses of the association.

SEC. 14. Dues, fines, premiums and interest less current expenses shall accrue to the shareholders and any net loss shall be deducted before declaring any dividend.

SEC. 15. At least once in each year the auditor of state shall, by himself or some competent person appointed by him, make an examination of all domestic and foreign building and loan and savings and loan associations doing business in this state and may examine under oath any officer, agent or employe of the association or other person, and may compel the production of its books and papers, and for this purpose such examiner shall have

cent of withdrawal value. Foreclosure.

Investment of funds.

Loan on note or bond secured by first mortgage.

Transfer of stock to the association by borrower.

One vote for each \$100 of stock.

One person not to vote more than 10 per cent of outstanding shares of stock.

Owner of transferred or deposited stock.

Rights of guardian, executor, etc.

Expenses paid from earnings or by fixed charge.

Not to exceed \$8 for maturing of \$100 or \$2 for prepaid stock.

Net earnings apportioned.

Membership fees and expenses in loaning not expenses of association.

Dues, fines, etc., accrue to shareholders.

Auditor of state to examine domestic and foreign associations.

Have same power as district court to secure witnesses and papers.

Expense of examination paid by association.

Not to exceed \$200 for any one year.

Auditor to keep record of examinations.

Refusal to submit to examination.

Auditor to examine domestic local associations on application.

Auditor report condition of associations biennially.

What report shall contain.

When business is conducted illegally auditor to notify attorney-general.

Attorney-general to take steps to wind up affairs of association.

Foreign associations to furnish executive council with copy of articles of incorporation and by-laws, state laws

the same power as the district court to secure the attendance of witnesses and the production of such books and papers, and to punish as for contempt. If the examination is made by the auditor in person he shall receive his actual expenses. If by another, his actual expenses and five dollars per day, which in either case shall be paid by the association examined; *provided*, the expense charged for such examination to any one association shall not exceed two hundred dollars for any one year. A record of such examination shall be kept in the auditor's office showing in detail as to each association all matters connected with the conduct of the business, its financial standing, and everything touching its solvency, plan of business and integrity. If the report is made by another than the auditor it shall be under oath. Examinations may be made at such other times as the auditor may order. If any such association refuse to submit to such examination the auditor shall revoke its certificate of authority.

SEC. 16. When twenty shareholders of any domestic local building and loan or savings and loan association shall in writing request the auditor of state, he shall have the same authority and shall proceed to make an examination of the affairs of such association in the manner provided in this act for the examination of domestic associations and the costs and penalties shall be the same.

SEC. 17. The auditor shall, in his biennial report to the governor, state the general conduct and condition of the building and loan or savings and loan associations doing business in the state with such suggestions as he may deem expedient. Such report shall also include the information contained in the statements of the associations arranged in tabulated form, with the names and compensation of the clerks employed by him, the entire income, the source whence derived and the expense during the year ending on the thirty-first day of December in detail.

SEC. 18. When any building and loan or savings and loan association is conducting its business illegally or in violation of its articles of incorporation or by-laws, or is practicing deception upon its members or the public, or is pursuing a plan of business that is injurious to the interests of its members, or its affairs are in an unsafe condition, the auditor of state shall notify the directors thereof, and if they shall fail to put its affairs upon a safe basis, he shall advise the attorney-general thereof who shall take the necessary steps to wind up its affairs in the manner provided by law.

SEC. 19. If any foreign building and loan or savings and loan association as herein defined desires to transact business within this state, it shall furnish to the executive council a certified copy of its articles of incorporation, or charter and by-laws, and a certified copy of the state laws under which it is organized, together with a

report for the year next preceding, verified by its president, vice-president, secretary and at least three directors, which report shall show: and report of business.

1. The amount of its authorized capital stock and the par value of each share. What report shall show.

2. The number of shares sold during the year.

3. The number of shares cancelled or withdrawn during the year.

4. The number of shares in force at the end of the year.

5. A detailed statement of all funds received during the year and all disbursements.

6. The salaries paid each of its officers.

7. A detailed statement of its assets and liabilities at the end of such year and the nature thereof.

8. Any other matters of fact which the council may require, upon receipt of such report the council, if it finds therefrom that the association is properly managed, that its financial condition is satisfactory, and that its business is conducted upon a safe and reliable plan, shall so certify upon such copy and statement, and, the same being filed with the auditor, he shall issue a like certificate as in the case of domestic associations. Council certify on copy and file with auditor of state, who shall issue certificate.

SEC. 20. Every such foreign building and loan or savings and loan association before the state auditor shall issue to it a certificate shall comply with the following provisions:

1. It shall deposit with the auditor of state one hundred thousand dollars either in cash or bonds of the United States of the state of Iowa, or of any county or municipal corporation of the state of Iowa, or notes secured by first mortgage on real estate, or a like amount in such other security as shall be satisfactory to said auditor. Foreign associations deposit with auditor of state \$100,000 in bonds or other securities.

2. Such foreign association may collect and use the interest on any securities so deposited as long as it fulfills its obligations and complies with the provisions of this act. It may also exchange them for other securities of equal value and satisfactory to said auditor. May collect and use interest on securities.

SEC. 21. The deposit made with the auditor shall be held as security for all claims of resident shareholders of the state of Iowa against said association, and shall be liable for all judgments or decrees thereon and subject to the payment of the same. Deposits with auditor of state to be security for resident shareholders.

SEC. 22. Such foreign association shall also file with the auditor of this state a duly authenticated copy of a resolution adopted by the board of directors of such association, stipulating and agreeing that if any legal process of notice affecting such association be served on the said state auditor and a copy thereof be mailed, postage prepaid, by the party procuring and issuing the same, or his attorney, to said association, addressed to its home office, File with auditor copy of resolution in case of legal process of notice.

Legal notice to be in duplicate; one filed one mailed to home office.

Amendments of articles of incorporation filed with auditor of state.

Fees paid by foreign associations.

Fees paid by domestic associations.

Fees paid by domestic local associations.

Report on or before February 1st to auditor.

What report shall show.

then such service and mailing of such process or notice shall have the same effect as personal service on said association within this state. When proceedings have been commenced against or affecting any foreign building and loan or savings and loan association, as contemplated herein, and notice has been served upon the auditor of the state, the same shall be by duplicate copies, one of which shall be filed in his office and the other mailed by him, postage prepaid, to the home office of such association.

SEC. 23. All foreign building and loan or savings and loan associations shall file with the auditor of state within ten days after their adoption a duly certified copy of any amendment or amendments to their articles of incorporation or by-laws that may have been adopted.

SEC. 24. Foreign building and loan or savings and loan associations shall pay to the auditor of state the following fees, which shall be paid by him into the state treasury; For each application to do business in this state, one hundred dollars; for each certificate of authority and each annual renewal thereof, fifty dollars; for filing each annual statement of the assets of the association, as shown by the statement filed, amounts to fifty thousand dollars or less, three dollars; if more than fifty thousand dollars and less than one hundred thousand dollars, five dollars; if more than one hundred thousand dollars and less than two hundred and fifty thousand dollars, ten dollars; if more than two hundred and fifty thousand dollars and less than five hundred thousand dollars, twenty dollars; if more than five hundred thousand dollars and less than one million dollars, thirty dollars, and if more than one million dollars, fifty dollars. Domestic building and loan or savings and loan associations shall pay to the auditor of state the sum of twenty-five dollars for each certificate of authority and each renewal thereof, and for filing each annual statement, ten dollars. Domestic local building and loan or savings and loan associations shall pay to the auditor of state, for filing each annual statement, the sum of five dollars.

SEC. 25. All building and loan or savings and loan associations doing business in this state shall on or before the first day of February of each year file with the auditor of state a detailed report and financial statement of their business for the year ending the thirty first day of December next preceding, and such report shall be verified by the president and secretary or by three directors of the association, and such report shall show:

1. The date when the association was incorporated and the par value of each share of stock.
2. The number of shares sold during the year.
3. The number of shares cancelled or withdrawn during the year.

4. The number of shares in force at the end of the year.

5. A detailed statement of receipts and disbursements showing specifically from what source received and in what manner applied.

6. A statement of the assets and liabilities at the end of the year.

7. The salaries paid to its officers during the year.

8. All foreign building and loan or savings and loan associations shall in addition to the above, report the names of each shareholder of such association residing within the state of Iowa, together with the postoffice address of each and the number of shares owned by each of said persons on the first day of January preceding, and the cash value of each of said shares on said date.

Name and address of shareholders and shares owned by each.

SEC. 26. If an association shall fail or refuse to furnish to the auditor of the state the report above required it shall forfeit the sum of twenty-five dollars for every day such report shall be withheld and the auditor of state may maintain an action in the name of the state to recover such penalty and the same shall be paid into the treasury of the state.

Failure to report.

Penalty.

SEC. 27. When by the laws of any other state, territory, country, or nation, or by the decisions or rulings of the appropriate and proper officers thereof, any greater taxes, fines, penalties, licenses, fees, deposits of money or other securities, or other obligations or prohibitions, are demanded of building and loan or savings and loan associations of this state as a condition to be complied with before doing business in such other state, territory, country, or nation or their agents therein than are imposed upon foreign associations doing business in this state, so long as such laws continue in force the same requirements, obligations, and prohibitions of whatever kind shall be imposed on all building and loan or savings and loan associations of such other state, territory, country, or nation doing business in this state and upon their agents. It is hereby made the duty of the auditor of state to enforce the provisions of this section.

When fees in other states exceed, Iowa fees to be increased thereto.

Auditor of state to enforce.

SEC. 28. If a certificate of authority to do business shall have been issued to any association, and it shall violate any of the provisions of this chapter, the auditor of state shall revoke the same.

Revocation of certificate.

SEC. 29. If any officer, director, or agent of any building and loan or savings and loan association shall knowingly and willfully swear falsely to any statement in regard to any matter in this chapter required to be made under oath, he shall be guilty of perjury. If any director of any such association shall vote to declare a dividend greater than has been earned, or if any officer or director or any agent or employe of any such association shall issue, utter or offer to utter any warrant, check, order, or

Perjury for false swearing to statements.



Penalty for declaring un-earned dividend; for issuing or cancelling any paper or collecting money without authority; for embezzling; for doing business without a certificate; for making false entries; for soliciting business for association without having a certificate; amount of fine.

promise to pay of such association, or shall sign, transfer, cancel, or surrender any note, bond, draft, mortgage or other evidence of indebtedness belonging to such association, or shall demand, collect, or receive any money from any member or other person in the name of such association without being authorized to do so by the board of directors in pursuance of its lawful power, or if any such officer, director, agent or employe shall embezzle or convert to his own use, or shall use or pledge for his own benefit or purpose any moneys, securities, credits or other property belonging to the association, or shall knowingly do or attempt to do any business for such association that has not procured and does not hold the certificate of authority therefor as in this chapter provided, or shall knowingly make or cause to be made any false entries in the books of the association, or shall with the intent to deceive any person making an examination in this chapter required to be made, exhibit to the person making the examination any false entry, paper or statement, or shall knowingly do or solicit business for any building and loan or savings and loan association which has not procured the required certificate therefor, he shall be fined in any sum not exceeding ten thousand dollars or imprisoned in the penitentiary not exceeding ten years, or punished by both such fine and imprisonment.

Foreign associations furnish copy of articles within sixty days.

SEC. 30. Within sixty days after the taking effect of this act, each foreign building and loan or savings and loan association doing business in this state, shall furnish the auditor of state with a copy of its articles of incorporation and by-laws, accompanied by a report as in this act required and shall make a deposit of securities as provided in this act and obtain a certificate authorizing it to transact business, and for failure or refusal to do so shall forfeit its right to do business in this state.

Forfeit rights on failure.

Domestic and domestic local associations to re-incorporate.

SEC. 31. Within sixty days after the taking effect of this act all building and loan or savings and loan associations organized under the laws of this state, shall re-incorporate or so amend their articles of incorporation and by-laws as to comply with the provisions of this chapter, and upon the failure or refusal to do so its authority to do business shall be revoked; provided that domestic local building and loan or savings and loan associations shall not be required to publish their articles of re-incorporation or amendments thereto.

Forfeit rights on failure.

Right to close up business.

SEC. 32. All building and loan or savings and loan associations having heretofore transacted business in this state, which shall not have complied with the provisions of this act, within the time herein prescribed shall have the right to close up their business and fulfill their contracts heretofore entered into with the residents of this state without being subject to the penalties prescribed in this act.

SEC. 33. Shares of stock issued by building and loan or saving and loan associations shall be classified as moneys and credits for the purposes of taxation. Shares of stock classified as money and credits for taxation.

SEC. 34. All acts and parts of acts inconsistent with this act are hereby repealed. Repealing clause.

Approved April 7 1896

CHAPTER 86.

AN ACT to amend chapter 132 of the Acts of the Twentieth General Assembly. [Bureau of Labor Statistics.] H. F. 33.

*Be it enacted by the General Assembly of the State of Iowa:*

SECTION 1. That section 3 of chapter 132 of the laws of the Twentieth General Assembly be amended by inserting after the word "annum" in the second line thereof, the following: "And shall be allowed a deputy at a salary of one thousand dollars per annum, in lieu of clerk hire;" and by inserting after the word "for," in the fourth line thereof, the following: "The commissioner or any officer or employe of the bureau of labor statistics, shall be allowed, in addition to their salaries, their actual and necessary traveling expenses while in the performance of their duties; said expenses to be audited by the executive council and paid out of the general fund of the state upon a voucher verified by the commissioner, provided that the total of such expenses for officers and employes shall not exceed \$500 per annum." Sec. 3, ch. 132, 20 G. A., amended. \$1,000 salary allowed. Executive council to audit expenses.

SEC. 2. That section 6 of the chapter 132 of the laws of the Twentieth General Assembly be repealed and the following enacted in lieu thereof: Sec. 6, ch. 132, 20 G. A., repealed.

Section 6. The commissioner of the bureau of labor statistics shall have the power to issue subpoenas, administer oaths, and take testimony in all matters relating to the duties herein required by said bureau; said testimony to be taken in some suitable place in the vicinity to which testimony is applicable. Witnesses subpoenaed and testifying before the commissioner of the bureau shall be paid the same fees as witnesses before a justice court, such payment to be made out of the contingent fund of the bureau in advance, but such expense for witnesses shall not exceed \$100. annually. Any person duly subpoenaed under the provisions of this section, who shall wilfully neglect or refuse to attend or testify at the time and place named in the subpoena shall be deemed guilty of a misdemeanor, and upon conviction thereof before any court of competent jurisdiction, shall be punished by a fine not exceeding \$50 and costs of prosecution, or by imprisonment in the county jail not exceeding thirty days; *provided*, however, that no witness shall be compelled to go outside the county in which he resides to testify. Powers of commissioner defined. Witness must testify.