

## CHAPTER 225.

## LAND MORTGAGE ASSOCIATIONS.

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**225.01 Definition of "Land Mortgage Association."** As used in sections 225.01 to 225.41, inclusive, the phrase "land mortgage association" shall mean a corporation organized as provided in said sections, for the purpose of making loans upon improved or partially improved agricultural lands, within this state.

**225.02 Unlawful use of designation.** No person, partnership, association or corporation, except corporations formed under the provisions of sections 225.01 to 225.41, inclusive, of the statutes, shall hereafter transact any business under any name in which shall occur the words "land" and "association," or the words "mortgage" and "association."

**225.03 Incorporation.** Any number of adult resident freeholders of the state, not less than fifteen, may associate to establish a land mortgage association on the terms and conditions and subject to the liabilities hereinafter prescribed. The aggregate amount of the capital stock of any such association shall not be less than twenty thousand dollars.

**225.04 Articles.** The persons so associating shall make, sign and acknowledge written articles of incorporation containing:

- (1) The declaration that they are associating for the purpose of forming a land mortgage association under the provisions of sections 225.01 to 225.41, inclusive;
- (2) The name of such association, which shall be in no material respect similar to any other association in the same county;
- (3) The name of the particular village, town, city and county where such association is to be located;
- (4) The amount of capital stock, which shall be divided into shares of one hundred dollars each;
- (5) The period for which such association is organized.

**225.05 Board of trustees.** The incorporators shall at their first annual meeting elect by ballot from their number a board of trustees, which shall consist of not less than six members who shall be divided into three classes as follows: One-third shall be elected for one year; one-third for two years and one-third for three years. After the election of the first board of trustees every subsequent trustee shall be elected by the stockholders at the annual meeting for the full term of three years, unless elected to fill a vacancy, in which case he shall be elected to serve the unexpired portion of the term in which such vacancy occurs.

**225.06 Organization of board.** The trustees shall, within ten days after their election, organize by electing from among their members a president, a vice president and a treasurer and secretary. They shall also elect from among their members a committee on loans consisting of three or five members, as they shall determine. All of said officers

shall hold their offices for the term of one year, or until their successors are elected and qualified.

**225.07 Duties of board.** The board of trustees shall control the conduct of the business of the association. It is especially bound to perform the following duties:

- (1) To cause the accounts of the association to be audited once each year by the auditing committee;
- (2) To present to each annual meeting a statement of the activities of the association during the preceding year and a summary of its financial condition, together with comments and recommendations for the future conduct of its business;
- (3) To cause all officers to perform their duties promptly and efficiently;
- (4) To cause all defaults in performance of obligations to the association to be penalized and continuation of defaults to cease so far as possible;
- (5) To administer the affairs of the company in the most efficient manner practicable.

**225.08 Committee on loans; applications.** The committee on loans shall approve in writing an application for a loan or advance before the same shall be granted by the land mortgage association. Every application for a loan shall be made in writing and shall state the purpose for which the loan is desired. No loan shall be made unless the committee on loans is satisfied that it promises to benefit the borrower, nor unless it has received the unanimous approval in writing of all the members of the committee, but an applicant for a loan may appeal to the board of trustees from the decision of the committee on loans.

**225.09 Auditing committee.** The incorporators shall at their first annual meeting elect by ballot from their number an auditing committee, no one of whom shall be an officer of such association. Thereafter an auditing committee shall be elected by the stockholders at each annual meeting.

**225.10 Supervision, audit and report.** (1) The auditing committee shall annually inspect the securities, cash and accounts of the corporation, and shall at all times supervise the acts of its board of trustees and officers.

(2) At the annual meeting of the stockholders the auditing committee shall submit their report, including the results of said audit, together with such recommendations as they have to offer, and an epitome of their proceedings since the last previous meeting. A copy of such report shall be forwarded to the banking commission. [1937 c. 284 s. 3]

**225.11 Suspension of trustees and officers.** (1) At any time, the auditing committee, by unanimous vote, may suspend any trustee, officer or member of the committee on loans; and by a majority vote may call a meeting of the stockholders to consider any violation of statutes relative to such corporation or of the by-laws, or any practice of the corporation which in the opinion of said committee is unauthorized.

(2) Within seven days after the suspension of any trustee, officer or member of the committee on loans, the auditing committee shall cause notice to be given of a meeting of the stockholders to take such action relative to such suspension as may seem necessary. The auditing committee shall fill vacancies in their own number until the next annual meeting.

**225.12 Bond of treasurer.** The treasurer shall give a bond for the faithful discharge of his duties, with such surety, and in such amount as shall be approved by the trustees. All bonds so given shall be recorded at length in the books of the land association, and shall be subject at all times to the inspection of the stockholders. The bond itself immediately upon having been recorded shall be delivered to the banking commission, and shall remain in its custody. The trustees may, whenever it is necessary in the interests of the association, require additional bonds to be given. No officer, trustee or member of the auditing committee of the company shall be a surety upon the bond of the treasurer. [1937 c. 284 s. 3]

**225.13 Corporate powers.** Said land mortgage association shall have power:

(1) To make loans, the conditions of which shall be approved by the banking commission if the security taken therefor is to be used as the basis for a bond issue under subsection (3), and to accept as security for any such loan a first mortgage upon improved or partially improved agricultural lands, within this state. Such loan shall not exceed, however, sixty-five per cent of the value of such real estate so conveyed, according to the appraisal made as herein provided.

(2) To purchase first mortgages, heretofore or hereafter issued against Wisconsin agricultural lands, either improved or partially improved, from persons or firms resident of this state or corporations organized under the laws of this state engaged in the settlement or colonization of Wisconsin lands and to whom such mortgages were issued, if, after investigation, the plan of settlement or colonization followed by such person, firm or corporation is approved by the commissioner of agriculture as beneficial to the settler or colonist, and if the lands against which such mortgages are issued are found by the said commissioner to be in fact agricultural lands suitable for agricultural purposes and

the terms and conditions of the loans made by such person, firm or corporation are just and reasonable, or from banks or trust companies organized under the laws of this state, or of the United States to do business in this state, to which such mortgages were issued direct by the borrowers. Each such mortgage shall be payable on the amortization plan maturing in not less than twenty years. The request for an investigation leading to such a purchase of mortgages from persons, firms or corporations engaged in the settlement or colonization of Wisconsin lands, shall be accompanied by a deposit, the amount of such deposit to be determined by the commissioner of agriculture. Upon completion of the investigation the commissioner of agriculture shall render a statement of expense accompanied by a remittance of any unused balance of such deposit. But no mortgage shall be purchased until the lands against which the same is issued have been appraised as provided in section 225.21 and such mortgage is approved by all members of the loan committee.

(3) To issue bonds secured by the pledge of the mortgage so taken or purchased.

(4) To pledge the notes and mortgages so taken or purchased under the provisions of subsections (1) and (2) hereof as security for the bonds of the land mortgage association referred to in subsection (3) hereof. [1937 c. 284 s. 3]

**225.14 Banking law applicable.** Section 221.04 of the statutes shall be applicable to the land mortgage associations organized hereunder, except that no such association shall exercise or possess any of the powers enumerated in that paragraph of said section denominated "sixth." Sections 220.01 to 220.14, inclusive, 221.05 to 221.08, inclusive, 221.10, 221.12, 221.15 to 221.21, inclusive, 221.23, 221.24, 221.26, 221.29, 221.30, 221.31, 221.35 to 221.43, inclusive, 221.46 and 221.50 to 221.53, inclusive, of the statutes, insofar as applicable, shall also apply to land mortgage associations organized hereunder.

**225.15 By-laws.** (1) Such corporation shall have the power to enact by-laws not inconsistent with the law and subject to the approval of the banking commission.

(2) In such by-laws may be provided:

(a) The time and place of the annual meeting;

(b) The method of calling special meetings;

(c) The conditions under which borrowers may make partial payments upon principal and interest of the debt owing by them in addition to the payments provided for in section 225.24;

(d) Penalties which may be affixed for default in the payment of principal or interest;

(e) The nature of the evidence of title which must be furnished by a prospective borrower and the method in which such title may be approved;

(f) The times and places of all meetings of the board of trustees and of the auditing committee and the nature of the notices required for such meeting;

(g) The number of stockholders who shall constitute a quorum at any general or special meeting and the number of trustees and the number of members of the auditing and loan committees;

(h) The duties of the officers and employes and such other regulations as are necessary and as are not provided for by law or the articles of incorporation. [1937 c. 284 s. 3]

**225.16 Approval of by-laws.** No such land mortgage association shall issue any bonds or make any loans until its by-laws have been approved by the banking commission. No by-laws or amendments thereof subsequently adopted shall be operative until approved in the same manner. [1937 c. 284 s. 3]

**225.17 Stockholders' meetings.** (1) At all stockholders' meetings each share of stock shall entitle the owner of record to one vote, but if any stockholder shall own more than ten per cent of the stock outstanding no such stock in excess of such ten per cent shall be voted.

(2) Each stockholder must vote in person and no proxy or other power of attorney shall be effective to authorize any other person to cast a vote for a stockholder except that it is permitted:

(a) For wives to authorize their husbands and husbands to authorize their wives by proper proxy to vote;

(b) Minors or incompetents in whom stock is vested may be represented by guardian;

(c) Joint owners of stock may authorize one of their number to represent them;

(d) Corporations and other combinations of persons may be represented through a legally constituted attorney;

(e) Widows and unmarried women may be represented through persons holding their power of attorney.

(3) It shall be incompetent for any person to represent more than one interest.

**225.18 Elections and resolutions.** (1) Elections shall be effected by ballot; election by acclamation shall be permissible if there be no objection thereto. An absolute majority of the stock voted shall be necessary for elections as well as for adopting resolutions.

(2) If the first ballot at any election gives no absolute majority, the voting among the candidates shall be narrowed in subsequent ballot by the dropping of the candidate who received the smallest number of votes on the previous ballot.

**225.19 Mortgage forms; approval.** The mortgages to be given to the association, the bonds to be issued and the trust deed executed to secure the bonds shall be in such form and shall contain such conditions as will adequately protect all parties thereto. The trustees shall provide the forms subject to the joint approval of the banking commission and the attorney-general. [1937 c. 284 s. 3]

**225.20 Restrictions.** All mortgage obligations acquired by the company shall be subject to the following restrictions:

(1) Each such mortgage shall be a first and valid lien upon improved or partially improved agricultural lands, within the state of Wisconsin;

(2) Each such mortgage shall be a first and valid lien upon the whole and undivided fee and upon no lesser estate;

(3) Each such mortgage shall be given to secure a principal indebtedness not exceeding in amount fifteen per cent of the capital and surplus of the company;

(4) All such mortgages on agricultural lands shall contain provisions for proper soil conservation;

(5) All such mortgages shall contain provisions for the time of commencing payments for the annual or semiannual reduction of the indebtedness secured thereby, subject to the provisions of section 225.24;

(6) The company shall make no loan secured by mortgage of any real estate in which any officer or trustee of the company is interested, either directly or indirectly, except upon the approval of two-thirds of all the trustees;

(7) A sufficient amount of the proceeds of any loan made upon lands upon which are buildings in course of construction or upon which land clearing or other improvements are being made, shall be retained by the association and paid out only upon construction or improvement vouchers countersigned by a duly authorized agent of the association.

**225.21 Appraisal of lands.** Upon application for a loan the land mortgage association shall cause the lands which it is proposed to mortgage to the association to be appraised by a competent appraiser.

**225.22 Review by tax commission.** Any prospective borrower dissatisfied with the valuation placed upon his lands may apply to the tax commission for a change in such valuation, and shall with an application for such change file such evidence as the tax commission may direct as to the value of such land.

**225.23 Charges against borrower.** The prospective borrower may be required to pay all expenses incidental to the examination of title and appraisal of the property. The total amount to be paid periodically by the borrower shall include (1) the rate of interest agreed upon; and (2) a payment upon the principal (amortization) of not less than one per cent of the original amount thereof.

**225.24 Repayment of loan and interest.** A borrower may repay his loan by instalments of such frequency and amounts as may be agreed upon, provided that not less than one per cent of the original amount of the mortgage shall be paid upon the principal thereof annually, commencing not later than the sixth year succeeding the year in which the loan was made. The borrower may pay a larger instalment upon the principal or the whole of it, at any interest date, such payments to be in amounts equal to additions of one or more principal amortization payments. Such payments may be made in cash, or by tendering at par bonds of the association. For failure to pay the interest or any instalment required by the terms of the loan, the borrower may be fined as the by-laws prescribe. But the borrower shall never be required to pay more than the specified instalment, nor to pay the principal before it is due except as provided in section 225.29 or 225.30.

**225.25 Optional repayment of total indebtedness.** The borrower may, upon sixty days' notice, repay to the association his total indebtedness, or without such notice, upon payment of sixty days' interest upon the principal unpaid.

**225.26 Receipts; satisfaction of mortgage.** The borrower shall be entitled to a receipt for all instalments as paid and, where the repayment is complete, to a satisfaction of his note and mortgage.

**225.27 Transfer of mortgaged lands.** The acquirer of any lands mortgaged to a land mortgage association shall enter at once, on the acquisition of the land, into a written agreement with the association, attested by a notary, or a justice, and assume the personal responsibility for the indebtedness to the association attaching to such lands. This document must be presented to the trustees within fourteen days after demand.

**225.28 Calling in loans before due; inspection.** (1) Every land mortgage association shall have the power to call in loans upon sixty days' notice:

(a) When the person acquiring the lands upon which money has been loaned does not comply with the provisions of section 225.27 and fulfill the obligation incumbent upon him;

(b) When the debtor does not meet the obligation imposed upon him by his contract and the by-laws of the land mortgage association;

(c) When the mortgaged premises become subject to forced sale;

(d) When the mortgaged premises are depreciating in value because of lack of care, of failure properly to maintain and conserve or from other cause.

(2) The trustees of such association, whenever necessary, shall provide for an inspection of mortgaged premises, for an investigation of the care which is being given said premises, and may employ an expert to inspect the soil with a view of determining whether or not the same is being depleted.

**225.29 Partial recall of debt.** The association may require a suitable partial repayment of the debt if the mortgaged premises may have at any time become depreciated in value from any cause whatsoever.

**225.30 Foreclosure.** Whenever any loan is called in and the borrower shall fail to pay the principal and interest due to the association as required by law and the notices given him, the land mortgage association may then foreclose upon the mortgaged premises as for a past due loan. But in no case shall a borrower be liable for a sum greater than the amount of the unpaid portions of the loan with any accretions of interest thereon and expenses incidental to the collection thereof.

**225.31 Bond limit.** The aggregate amount of the principal of all bonds issued by a land mortgage association and outstanding at any one time shall not exceed twenty times the amount of the capital and surplus of the company.

**225.32 Preference prohibited.** No land mortgage association, and no officer or agent thereof, shall give any preference to any creditor by pledging any of the assets of such association as collateral security, except that any such association may borrow money for temporary purposes, and may pledge assets of the association as collateral security therefor. Whenever it shall appear that any land mortgage association has borrowed habitually for the purpose of reloading, the banking commission may require such association to pay off such amount so borrowed. [1937 c. 284 s. 3]

**225.33 Bond issues.** (1) The bonds to be issued by any land mortgage association may be issued for such amounts, bearing such serial number, and date or dates, and be payable at such time and times, bear such rate of interest, and be redeemable at maturity or upon notice at such times and in such manner as the land mortgage association may, subject to the approval of the banking commission, deem advisable.

(2) Each land mortgage association shall keep a register for the registration and transfer of bonds issued by it in which it shall register, or cause to be registered, all bonds, upon presentation thereof for such purpose; and such register shall contain the post-office address of all registered holders of bonds and shall, at all reasonable times, be open to the inspection of the banking commission or any of its deputies and to the state treasurer. [1937 c. 284 s. 3]

**225.34 Deed of trust to secure bonds.** (1) To secure the payment of such bonds the land mortgage association shall issue a collateral deed of trust to the state treasurer, pledging as security for such bonds the notes and mortgages taken or purchased as provided herein in an amount equal to or exceeding the aggregate amount of bonds issued or to be issued.

(2) The total amount of bonds actually outstanding shall not at any time exceed the total amount unpaid upon the notes secured by the mortgages belonging to the association and pledged for the payment of the bonds, plus such securities and moneys as may be on deposit with the state treasurer under the provisions hereof.

**225.35 Collaterals deposited with state treasurer.** All mortgages pledged to secure the payment of the bonds issued hereunder shall be deposited and left with the state treasurer. The land mortgage association may, with the approval of the state treasurer, remove such mortgages from the custody of the state treasurer, substituting in place thereof other of its mortgages, or money or state of Wisconsin bonds or certificates of deposit, indorsed in blank, issued by state or national banks located in Wisconsin, farm mortgage bonds issued under the provisions of the federal farm loan act approved July 17, 1916, or obligations of the United States government, in an amount equal or greater than the amount unpaid upon the notes secured by the mortgages withdrawn.

**225.36 Redemption of bonds.** (1) Notice of redemption of bonds may on no account be given on the part of the holder thereof, but may be given by the association only for the purpose of effecting redemption in accordance with the conditions of the bond and as provided by law and the by-laws.

(2) If the land mortgage association shall elect to redeem any bond prior to maturity six months' notice of redemption shall be given and shall be effected by personal service

upon the owner and holder of the bonds, by notice mailed to his address as registered or by advertising the same three times in a newspaper selected by the state treasurer.

(3) The numbers of the bonds of which notice of redemption is to be given shall be determined by lot, to be drawn by the president or the vice president at a meeting of the trustees.

**225.37 Validity of bonds after maturity.** In case the holder of any bond outstanding shall not have presented the same for payment within the period of two years after its maturity or within two years after the date fixed for the redemption, as the case may be, then such bond shall cease to be a lien upon the mortgages, moneys, and securities pledged to the state treasurer and deposited with him as security therefor, but such bond shall still constitute, until the statute of limitations running against such bond shall have expired, a simple legal money claim or demand against the land mortgage association issuing the same, and be recoverable from it in a suit at law, and in no event shall any interest be collectible upon such bond after the maturity thereof or after the date fixed for its redemption.

**225.38 Bonds as payment.** If the association give notice to a debtor for repayment of the mortgage loan the latter must pay to the association in cash or in its bonds at par the face of the same so far as it has not yet been covered by his assets in the amortization and payments.

**225.39 Bonds as investments; taxation.** The bonds of a land mortgage association shall be a legal investment for savings associations, trust companies or other financial institutions chartered under the laws of this state and shall also be a legal investment for trustees, executors, administrators, or custodians of public or private funds, or corporations, partnerships or associations. Whenever the taxes upon the real estate subject to the mortgages pledged as security for any bonds of any land mortgage association shall be payable by either the mortgagee or the mortgagor then such bonds shall be exempt from further taxation in the hands of their holders.

**225.40 Application of earnings; reserve fund.** The gross earnings of the association shall be ascertained annually, and there shall first be deducted therefrom the expenses incurred by the association for the preceding year, and the balance thereof shall be set aside as a reserve fund for the payment of contingent losses, to an amount equal to two per cent of the capital stock outstanding, and until such reserve fund equals twenty per cent of the capital stock of such association.

**225.41 Power to hold realty restricted.** No land mortgage association shall acquire real estate (other than for the occupation of its office) except to protect its interest in case any of the mortgages owned by it are foreclosed and the property therein described sold to pay the indebtedness secured thereby. All real estate so acquired shall be promptly sold.

**225.42 Wisconsin land mortgage association council.** (1) When six land mortgage associations have been incorporated under and pursuant to sections 225.01 to 225.41, inclusive, and as soon as practical thereafter, said association shall form a council to be known as the "Wisconsin Land Mortgage Association Council," called "council" in sections 225.42 to 225.46, inclusive, to consist in the first instance of one stockholder from each association to be elected by the board of trustees thereof.

(2) Prior to the election of members of the council, and for the purpose of determining the terms of office of each, the banking commission shall classify the associations into three classes: namely, classes (a), (b), and (c), and then notify each association of the class into which it has been placed. Members elected from associations in class (a) shall be elected for terms expiring on March first, next following the date of organization; those from associations in class (b), for terms expiring on March first, of the second year following the date of organization, and those from associations in class (c), for terms expiring on March first, of the third year following the date of organization. Thereafter, and prior to the expiration of the term of any member, his successor shall be elected for a term expiring on the first day of March in the third year next succeeding his appointment.

(3) Associations formed after the formation and organization of the council shall also be classified by the banking commission and members shall be elected therefrom, as provided in this section, for terms expiring at the same time as the members from other associations in the same class.

(4) Certificates of election of the members of the council shall be filed with the banking commission until the council is organized and thereafter with the secretary of the council.

(5) A vacancy in the office of any member of the council from any association shall be filled by the board of trustees of such association for the residue of the unexpired term. [1937 c. 284 s. 3]

**225.43 First and annual meetings of council; executive committee.** (1) The first meeting of the council shall be held at a time and place to be designated by the banking commission. Thereafter the annual meeting of the council shall be held in the month of March at the time and place fixed by the executive committee, but at least three days' notice thereof shall be given each member by mail or by telegraph.

(2) At the first meeting, and at each subsequent annual meeting, the council shall organize by the election of a president, vice president, secretary and treasurer, and each such officer shall hold office until the first day of March of the next succeeding year and until his successor is chosen and assumes the duties of his office.

(3) The council shall also at the first meeting and at each subsequent annual meeting elect an executive committee of not less than four nor more than seven members who shall hold office for the same term as the officers of the council. The council may delegate such of its powers as it may see fit to the executive committee subject in each case to the approval of the banking commission.

(4) Each member of the council shall be entitled to not to exceed ten dollars per day for each day actually devoted to the performance of duties as a member thereof, and shall be reimbursed his actual and necessary traveling expenses. The secretary shall be paid such compensation as may be determined by the council.

(5) A copy of the minutes of each meeting of the council shall be filed with the banking commission within five days after the close of the meeting. [1937 c. 284 s. 3]

**225.44 Expenses of council, how paid.** At or prior to the first meeting of the council, and annually thereafter at such time as is designated by the council each land mortgage association shall pay to the treasurer of the council the sum of twenty-five dollars to be used to defray the expenses of the council. The council may also, for the purpose of defraying the expenses thereof, levy an assessment against each land mortgage association, but no association shall be required to bear more than such proportion of such assessments as its authorized capital stock and the bonds issued by it during the preceding calendar year bears to the authorized capital stock of and bonds issued by all such associations during such year.

**225.45 Powers of council.** The council shall have power:

(1) To adopt by-laws which shall become effective only upon the approval of the banking commission.

(2) To determine, subject to the approval of the banking commission and the attorney-general, the forms of bonds, application for loan blanks, appraisal blanks, mortgages, notes and other records and forms of common interest to all land mortgage associations.

(3) To determine, subject to the approval of the banking commission, the interest rates on land mortgage association bonds and the prices at which such bonds may be sold.

(4) To negotiate and arrange with individuals, firms or corporations for the sale of land mortgage association bonds, but no arrangement relative to the sale or price of or interest rates upon such bonds shall be made for a period longer than one year. [1937 c. 284 s. 3]

**225.46 Forms of bonds; sales by council.** (1) Land mortgage associations shall use forms and shall be governed by the determinations of the council authorized by section 225.45.

(2) Each land mortgage association may sell its bonds through the council, and the expenses incurred by the council in rendering such services may be assessed by it against the land mortgage association on a basis pro rata to the amount of bonds sold for all associations during a particular period designated by the council. However, any land mortgage association may sell its own bonds, but the rate of interest thereon shall be in accordance with the determinations of the council, and the price at which bonds may be sold shall be not less than that determined by the council.

**225.47 Provisions of this act obligatory upon all associations.** The provisions of this act shall apply to, and govern, all land mortgage associations organized and now existing within the state, and the powers, privileges, duties and restrictions conferred and imposed upon any land mortgage association existing and doing business under the laws of this state, are hereby abridged, enlarged, or modified as each particular case may require, to conform to the provisions of this act. Nothing in this act shall be construed to affect the legality of investments heretofore made, or to transactions heretofore had, pursuant to any provisions of law in force when such investments were made or transactions had. Every land mortgage association now existing and doing business within this state shall on or before the first day of September next following the time when this act becomes operative, alter or amend its articles of organization, if necessary, to comply with the provisions of this act, and shall by said time make its business conform in all respects to the requirements of this act, except where such requirement is expressly waived herein.

**225.48 Liens for labor; corporations may purchase liens.** (1) Every person who, and every firm, corporation or association which, furnishes any materials or performs any work, labor or services for, or in or about the clearing of land of stumps, dead and down timber, brush, trees or stone shall have a lien upon the interest of the owner of any such land, or upon the interest therein of the person causing such work and labor to be done, or such materials to be furnished, and also upon the entire adjacent and connected government subdivision under the same ownership as the land so cleared, not exceeding in all one hundred sixty acres.

(2) Said lien shall be prior to any other lien which originates subsequent to the filing of a written contract for the clearing of such land with the clerk of the circuit court of the county in which such lands are situated. Such contract shall contain the name of the contracting parties, a description of the land to be cleared and of the adjacent land of the same ownership, the amount to be charged for the services to be rendered, and the times and terms of payment. Such contract shall be executed in triplicate, one for filing, and one for each party to the contract. Such lien shall also be prior to any unrecorded mortgage given before the filing of the land clearing contract, of which mortgage the person claiming the lien has no notice.

(3) The provisions of chapter 289 of the statutes shall apply to the lien herein provided for excepting that no notice of lien, other than the land clearing contract, need be filed, that an action to foreclose the lien may be commenced only after default in any payment stipulated in the contract has continued for a period of at least one year, and that the lien shall remain in full force and effect until all the conditions of the contract shall have been fulfilled.

(4) Corporations may be formed under and subject to the provisions of sections 225.01 to 225.47, inclusive, for the purpose of purchasing the liens herein provided for, together with any notes, debentures and other forms of security and evidences of indebtedness, executed in connection with such liens and land clearing contracts and to use the same as security for the payment of bonds, debentures or other forms of indebtedness issued by such corporation in financing the clearing of lands against which such liens are filed. Corporations formed under any other law of this state for the purpose of dealing in securities may purchase such liens and evidence of indebtedness and use the same as herein provided.

(5) Before any such corporation may purchase any lien or evidence of indebtedness mentioned in subsection (4), it shall request the state department of agriculture to inspect and examine the land covered by such lien, the expense of such investigation and examination to be paid by such corporation. If upon such examination such department shall certify that such land has been cleared as provided in the contract relating thereto, and that sixty per cent of such land is fit for cultivation, such corporation may purchase such lien and other evidence of such lien indebtedness and use the same as security as provided in subsection (4).