

SECTION 18. This act shall take effect upon passage and publication.

Approved July 23, 1919.

No. 481, S.]

[Published July 26, 1919.

CHAPTER 629.

AN ACT to amend sections 2024—100 and 2024—102, subdivision (1) of section 2024—106, subsection 1 of section 2024—109, section 2024—112, subdivisions (1) and (7) of section 2024—119, and sections 2024—120, 2024—122, 2024—123, 2024—133 and 2024—134 of the statutes, relating to land mortgage associations; to amend subsection (13) of section 14.42 of the statutes, relating to charges for services rendered by the state treasurer in connection with securities held in trust by him; and to create sections 2024—141 to 2024—146, inclusive, of the statutes, providing for a land mortgage association council and outlining its functions and powers.

The people of the state of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1. Sections 2024—100 and 2024—102, subdivision (1) of section 2024—106, subsection 1 of section 2024—109, section 2024—112, subdivisions (1) and (7) of section 2024—119, sections 2024—120, 2024—122, 2024—123, 2024—133, and 2024—134 and subsection (13) of section 14.42 of the statutes are amended to read: Section 2024—100. As used in sections 2024—100 to 2024—140, 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.

Section 2024—102. 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.

(Section 2024—106) (1) To cause the accounts of the association to be audited once each * * * *year* by the auditing committee;

(Section 2024—109) 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.

Section 2024—112. Said land mortgage association shall have power: (1) To make loans, *the conditions of which shall be ap-*

*proved by the commissioner of banking 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 2024—120 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 subdivisions (1) and (2) hereof as security for the bonds of the land mortgage association referred to in subdivision * * * (3) hereof.*

*(Section 2024—119) (1) Each such mortgage shall be a first and valid lien upon improved or partially improved agricultural lands, * * * within the state of Wisconsin;*

(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.*

Section 2024—120 * * * 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.*

Section 2024—122. 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.

Section 2024—123. 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 sections 2024—128 or 2024—129.

Section 2024—133. 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.

Section 2024—134. 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, endorsed 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.

(14.42) (13) Upon request therefor from any company, corporation, society, order or association which has securities on deposit with him, in trust, mail to its address front time to time * * * *not to exceed sixty days before the same become due*, any or all interest coupons; return to it any or all bonds, notes or other deposits as they become due and are replaced by other securities; make any indorsement of interest or otherwise on any such securities; and collect therefor from the company, corporation, society, order or association making the request, a fee of twenty-five cents for a single coupon cut, or for each entry of interest indorsed on a note or return of a bond, note or other security, and a fee of ten cents for each additional coupon cut, or entry of interest indorsed on a note, bond or other security. Such fees shall be paid into the state treasury as a part of the general fund, and no extra charge shall be required for postage or registered mail.

SECTION 2. Six new sections are added to the statutes to read: Section 2024—141. 1. When six land mortgage associations have been incorporated under and pursuant to sections 2024—100 to 2024—140, 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 2024—141 to 2024—145, 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 commissioner of banking 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 1, next following the date of organization; those from associations in class (b), for terms expiring on March 1, of the second year following the date of organization, and those from associations in class (c), for terms expiring on March 1, 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 commissioner of banking 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 commissioner of banking 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.

Section 2024—142 1. The first meeting of the council shall be held at a time and place to be designated by the commissioner of banking. 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 commissioner of banking.

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 commissioner of banking within five days after the close of the meeting.

Section 2024—143. 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.

Section 2024—144. The council shall have power:

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

(b) To determine, subject to the approval of the commissioner of banking 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.

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

(d) 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 or interest rates upon such bonds shall be made for a period longer than one year.

Section 2024—145. 1. Land mortgage associations shall use forms and shall be governed by the determinations of the council authorized by section 2024—144.

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 so sold shall be not less than that determined by the council.

Section 2024—146. 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.

SECTION 3. This act shall take effect upon passage and publication.

Approved July 23, 1919.

No. 600, S.]

[Published July 26, 1919.

CHAPTER 630.

AN ACT to amend the introductory paragraph of section 20.71, subsection 1 of section 2100b, chapter 252 of the laws of 1919, and section 2 of chapter 305 of the laws of 1919; to renumber paragraph (e) of subsection (11) of section 20.17 of the statutes to be paragraph (p) thereof; to create a new paragraph of subsection (5) of section 1636—47 and section 20.81 of the statutes; and making miscellaneous transfers, making sundry corrections in the statutes; and making appropriations.

The people of the state of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1. The introductory paragraph of section 20.71 of the statutes is amended to read: (20.71) (introductory paragraph) There is appropriated from the general fund to the state civil service commission, * * * annually, beginning July 1, * * * 1919, * * * *twenty-two* thousand dollars, for the execution of its functions. Of this there is allotted:

SECTION 2. Subsection 1 of section 2100b of the statutes is amended to read: (2100b) (1) Every executor, guardian, or trustee, except where it is otherwise expressly directed by the will or instrument of trust, if any, * * * may invest trust funds in bonds of the United States, and also in the bonds of any