

maximum pensions hereinbefore provided, increase or decrease the disability and service pensions already being paid, or thereafter to be paid, to disability and service pensioners, their widows and children, and the widows and children of deceased members, so as to maintain as nearly as possible a proper relationship between the basic pay of active members of the association and the pensions being paid, or to be paid, to disability and service pensioners, and the widows and children of deceased pensioners and members, or to maintain the reserves accumulated in the special fund of the association, on a sound and safe basis, and the overall solvency of the association.

Sec. 31. Continuance notwithstanding change in city classification. In the event any such association shall be organized or duly qualifies to, and comes under this act, it shall continue thereunder notwithstanding any subsequent change in classification or valuation of the city in which it is located.

Sec. 32. Workmen's compensation not abridged. This act shall not be construed as abridging, repealing, or amending the workmen's compensation act, or as a substitute therefor.

Sec. 33. Repealer. Laws 1943, Chapter 170, are hereby repealed.

Sec. 34. Public examiner, governor; powers and duties.

The public examiner of this state shall each year examine the books and accounts of the secretary and the treasurer of each such relief association. If he finds that any money has been expended for purposes not authorized by this act, he shall report the same to the governor, who shall thereupon direct the state auditor not to issue any further warrants to such association until the public examiner shall report that money unlawfully expended has been replaced. The governor may also take such further action as the emergency may demand.

Approved March 7, 1949.

CHAPTER 88—H. F. No. 614

An act relating to credit unions; amending Minnesota Statutes 1945, Sections 52.01, 52.02, 52.04, 52.05, 52.06, 52.13.

Be it enacted by the Legislature of the State of Minnesota :

Section 1. Minnesota Statutes 1945, Section 52.01, is amended to read :

52.01. Organization. Any seven residents of the state may apply to the commissioner of banks for permission to organize a credit union.

A credit union is a cooperative society, incorporated for the two fold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes.

A credit union is organized in the following manner :

(1) The applicants execute, in duplicate, a certificate of organization by the terms of which they agree to be bound, which shall state :

(a) The name and location of the proposed credit union ;

(b) The names and addresses of the subscribers to the certificate and the number of shares subscribed by each ;

(c) The par value of the shares of the credit union, which shall not exceed \$10 each ;

(2) They next prepare and adopt by-laws for the general governance of the credit union consistent with the provisions of this chapter, and execute the same in duplicate ;

(3) The certificate and the by-laws, both executed in duplicate, are forwarded to the commissioner of banks ;

(4) The commissioner of banks shall, within 30 days of the receipt of the certificate and the by-laws, determine whether they comply with the provisions of this chapter, and whether or not the organization of the credit union in question would benefit the members of it and be consistent with the purposes of this chapter ;

(5) Thereupon the commissioner of banks shall notify the applicants of his decision ; if it is favorable, he shall issue

a certificate of approval, attached to the duplicate certificate of organization, and return the same, together with the duplicate by-laws, to the applicants; *if it is unfavorable, the applicants may, within 30 days after said decision, have the right to appeal for a review in a court of competent jurisdiction.*

(6) The applicants shall thereupon file the duplicate of the certificate of organization, with the certificate of approval attached thereto, with the register of deeds of the county within which the credit union is to do business, who shall make a record of the certificate and return it, with his certificate of record attached thereto, to the commissioner of banks, for permanent record; and

(7) Thereupon the applicants shall become and be a credit union, incorporated in accordance with the provisions of this chapter.

In order to simplify the organization of credit unions, the commissioner of banks shall cause to be prepared an approved form of certificate of organization and a form of by-laws, consistent with this chapter, which may be used by credit union incorporators for their guidance, and on written application of seven residents of the state, shall supply them, without charge, with a blank certificate of organization and a copy of the form of suggested by-laws.

Sec. 2. Minnesota Statutes 1945, Section 52.02, is amended to read:

52.02. By-laws and amendments, approval by commissioner. To amend certificate of organization or by-laws, whether at a *regular* or special meeting, proposed amendments shall be set forth in the notice of the meeting. Any amendments to the *certificate of organization* or by-laws shall be approved by *two-thirds vote* of the members then present *and entitled to vote, provided there is a quorum.* Any and all amendments to the certificate of organization or by-laws must be approved by the commissioner of banks before they become operative. In case the amendment *to the certificate of organization* is adopted, the resolution, containing a full text thereof and verified by its president and treasurer and approved by the commissioner of banks, shall be recorded in the office of the register of deeds in the county in which the credit union is located. *If the amendment proposes to change the place of business from one*

county to another, it shall be recorded in the office of the register of deeds of the county of the place of business immediately prior to the amendment and a certified copy of the original certificate of organization and all amendments thereto shall be recorded in the office of the register of deeds in the county in which the credit union desires to do business.

Sec. 3. Minnesota Statutes 1945, Section 52.04, is amended to read:

52.04. Powers. A credit union shall have the following powers:

(1) To receive the savings of its members either as payment on shares or as deposits, including the right to conduct christmas clubs, vacation clubs, and other such thrift organizations within its membership;

(2) To make loans to members for provident or productive purposes;

(3) To make loans to a cooperative society or other organization having membership in the credit union;

(4) To deposit in state and national banks and trust companies authorized to receive deposits;

(5) To invest in any investment legal for savings banks or for trust funds in the state;

(6) To borrow money as hereinafter indicated;

(7) To adopt and use a common seal and alter the same at pleasure;

(8) To make payments on shares of and deposit with any other credit union operating under the provisions of this chapter, or operating in this state under the provisions of the Federal Credit Union Act, in amounts not exceeding in the aggregate 22 per cent of its unimpaired assets;

(9) *To contract with any licensed insurance company or society to insure the lives of members to the extent of their share accounts, in whole or in part, and to pay all or a portion of the premium therefor; provided that so long as the credit*

union pays a premium for such insurance, the directors shall, in December of each year, declare and pay a special dividend on all share accounts, or portions thereof, not covered by such life insurance contract. Such special dividend to be at the same annual rate as the premium paid for insurance on incurred share balances and computed as of December 31 in the same manner as provided for the payment of regular dividends; and

(10) In furtherance of the two fold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes, and not in limitation of the specific powers hereinbefore conferred, to have all the powers enumerated, authorized, and permitted by this chapter, and such other rights, privileges and powers as may be incidental to, or necessary for, the accomplishment of the objectives and purposes of the credit union.

Sec. 4. Minnesota Statutes 1945, Sec. 52.05, is amended to read:

52.05. Membership. Credit union membership shall consist of the incorporators and such other persons as may be elected to membership and subscribe to at least one share, pay the initial instalment thereon and the entrance fee. *The spouse and blood relatives of a regularly qualified member may also be members.* Organizations, incorporated or otherwise, composed for the most part of the same general group as the credit union membership may be members. Credit unions operating under the provisions of this chapter, or operating in this state under the provisions of the federal credit union act, may be members. Credit union organizations shall be limited to groups, of both large and small membership, having a common bond of occupation, or association, or to groups within a well defined rural district.

Sec. 5. Minnesota Statutes 1945, Section 52.06, is amended to read:

52.06. Supervision; reports; audits; revocation of certificate of approval; fees. Credit unions shall be under the supervision of the commissioner of banks. Each credit union shall annually, on or before the fifteenth day of January, file a report with the commissioner of banks on blanks supplied by him for that purpose giving such relevant information as he

may require concerning the operations during the preceding calendar year. Additional reports may be required. Credit unions shall be examined, at least annually, by the commissioner of banks, except that, if a credit union has assets of less than \$25,000, he may accept the audit of a certified public accountant in place of this examination. For failure to file reports when due, unless excused for cause, the credit union shall pay to the state treasurer \$5.00 for each day of its delinquency. If the commissioner of banks determines that a credit union is violating the provisions of this chapter, or is insolvent, or the share capital is impaired, or the interests of the members are in jeopardy, he may serve notice on the credit union of his intention to revoke the certificate of approval, and may suspend its operation immediately by giving notice thereof by registered mail. If, for a period of 15 days after any such notice, the violation continues, the commissioner of banks may revoke the certificate and take possession of the business and property of the credit union and maintain possession until such time as he shall permit it to continue business, or its affairs are finally liquidated. He may take similar action if any report remains in arrears for more than 15 days.

Sec. 6. Minnesota Statutes 1945, Section 52.13, is amended to read:

52.13. Shares and deposits. Shares may be issued and deposits received in the name of a minor; in the name of a member in trust for other persons whose names are disclosed; and in the name of a member and other persons jointly. Such shares and deposits shall be held in accord with, and in all respects subject to, the provisions of section 48.30.

Approved March 7, 1949.

CHAPTER 89—H. F. No. 674

[Coded as Section 161.061]

An act relating to the relinquishment and sale of highway property; amending Laws 1947, Chapter 391, Section 2, Subdivision 2.

Be it enacted by the Legislature of the State of Minnesota: