

CHAPTER 331—H. F. No. 162

[Coded in Part]

An act relating to credit unions; providing for certain changes and amending Minnesota Statutes 1957, Sections 52.02; 52.04; 52.05; 52.06; 52.08; 52.09, Subdivision 2; 52.13; 52.18; 52.20, Subdivision 2; 52.201; 52.202; and 52.203; and amending Section 52.15.

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

Section 1. Minnesota Statutes 1957, Section 52.02, is amended to read:

52.02 Bylaws and amendments, approval. To amend certificate of organization or bylaws, 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 bylaws 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 bylaws must be approved by the commissioner of banks before they become operative. *The commissioner shall not unreasonably withhold such approval if such amendments do not violate any provision of this chapter or other state law, and in case of disapproval the credit union shall have the right to appeal to a court of competent jurisdiction within the time limits as stated in clause (5) of section 52.01.* 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. 2. Minnesota Statutes 1957, Section 52.04, is amended to read:

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

Changes or additions indicated by *italics*, deletions by ~~strikeout~~.

(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; *as provided in section 52.16;*

(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; and

(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~~ *25* percent 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, for each dividend period,~~ declare and pay a special dividend on all share accounts, or portions thereof, not covered by such life insurance contract. Such special dividend ~~to~~ *shall* be at the same annual rate as the premium paid for insurance on insured share balances and computed as of ~~December 31~~ *the end of the dividend period* in the same manner as provided for the payment of regular dividends; and

(10) In furtherance of the twofold 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

Changes or additions indicated by italics, deletions by ~~strikeout~~.

for, the accomplishment of the objectives and purposes of the credit union.

Sec. 3. Minnesota Statutes, Section 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 be members. When an individual member of a credit union leaves the field of membership, such member, his spouse, or blood relative having membership therein, may continue as a member, but shall not be eligible to hold any office, or serve on any board or committee, or *one year after leaving the field of membership* borrow therefrom in excess of the amount of his shares and deposits. 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 residents within a well-defined rural district.

Sec. 4. Minnesota Statutes 1957, 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 ~~banks forms~~ 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 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 in-

Changes or additions indicated by italics, deletions by ~~strikeout~~.

terests 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: at once take possession of its books, records, and assets, which shall not be subject to any levy or attachment, nor shall any application for a receiver be entertained by any court during such reasonable time as may be necessary for further examination. If, upon this examination, it shall appear to the commissioner that its business is being conducted in a safe and lawful manner and that all creditors, including those holding shares, can be paid in full from the assets, he may relinquish possession of its assets to its directors and officers; otherwise he shall apply to a court for the appointment of a receiver, who if appointed by the court shall take possession of all its books, records, and assets and close up its office under the direction of the court; provided that if at any stage of the proceedings the directors shall satisfy the court that the credit union is able to pay all such creditors, and such showing is approved after investigation by the commissioner, or if a reorganization, merger, or consolidation with another credit union or credit unions is approved after investigation by the commissioner, the court may order the return of the assets to the credit union for liquidation or such other course as the members of the credit union in compliance with law may determine; and in such case the receiver shall be discharged; provided, that upon any reorganization, merger, or consolidation, the membership of the credit union organization shall be consistent with the provisions of section 52.05.

Sec. 5. Minnesota Statutes 1957, Section 52.08, is amended to read:

52.08 **Annual meeting.** At the annual meeting (the organization meeting shall be the first annual meeting) the credit union shall elect a board of directors of not less than five members, a credit committee of not less than three members, and a supervisory committee of three members, all to hold office for such terms, respectively, as the bylaws provide and until successors qualify. *Some or all of such terms of*

Changes or additions indicated by italics; deletions by strikeout.

office may be staggered, as the bylaws provide. A record of the names and addresses of the members of the board and committees and the officers shall be filed with the commissioner of banks within ten days of their election.

Sec. 6: Minnesota Statutes 1957, Section 52.09, Subdivision 2, is amended to read:

Subd. 2. **Particular duties.** It shall be the duty of the directors to have general management of the affairs of the credit union, particularly:

- (1) To act on applications for membership;
- (2) To determine interest rates on loans and on deposits;
- (3) To fix the amount of the surety bond which shall be required of all officers and employees handling money;
- (4) To declare dividends, and to transmit to the members, recommended amendments to the bylaws;
- (5) To fill vacancies in the board and in the credit committee until successors are chosen and qualify at the next annual meeting;
- (6) To determine the maximum individual share holdings, the maximum amount of deposits, and the maximum individual loan which can be made with and without security, including liability indirectly as a co-maker, guarantor, or endorser;
- (7) To have charge of investments other than loans to members;
- (8) To fix the salaries of the treasurer and other employees, which shall be on a fixed monthly or annual basis, in dollars (not percentage);
- (9) To designate the bank or banks in which the funds of the credit union shall be deposited; and
- (10) To authorize the officers of the credit union to borrow money from any source, in a total sum which shall not exceed in the aggregate ~~25~~ 40 per cent of its unimpaired assets.

Sec. 7, Minnesota Statutes 1957, Section 52.13, is amended to read:

Changes or additions indicated by *italics*, deletions by ~~strikeout~~.

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 48.20. *Any deposit made by or in the name of a minor, or shares issued in his name, shall be held for the exclusive right and benefit of the minor, free from the control or lien of all other persons except creditors, and together with the dividends or interest thereon shall be paid him; and his receipt or acquittance in any form shall be sufficient release and discharge to the credit union for the deposits or shares, or any part thereof, until a guardian appointed in this state for the minor shall have delivered to the credit union a certificate of his appointment. When any deposits or shares shall be held by any person in trust for another, and no other written notice of the existence and terms of any legal and valid trust shall have been given to the credit union, in case of the death of the trustee, the same or any part thereof and the dividends or interest thereon may be paid to the beneficiaries thereof. When any deposit shall be made or shares held by or in the names of two or more persons upon joint and several account, the same or any part thereof and the dividends or interest thereon may be paid to either of these persons or to a survivor of them or to a personal representative of the survivor; and the receipt or acquittance of such person or persons in any form shall be sufficient release and discharge to the credit union for the payment so made.*

Sec. 8. Minnesota Statutes 1957, Section 52.18, is amended to read:

52.18 Dividends. The directors of a credit union may, ~~in December, each year, on a quarterly, semi-annual, or annual basis as its board of directors may determine,~~ declare a dividend from net earnings or accumulated net undivided profits remaining after statutory reserve has been set aside, which dividend shall be paid on all shares outstanding at the end of ~~the fiscal year a dividend period.~~ Shares withdrawn during ~~the year a dividend period~~ shall receive no dividend. Shares which become fully paid up during ~~the year a dividend period~~ shall be entitled to a proportional part of the dividend calculated from the first day of the month following the payment in full. For the purpose of this section, shares which become fully paid up by the

Changes or additions indicated by *italics*, deletions by ~~strikeout~~.

tenth day of any month may be treated as being paid up from the first day of the month.

Sec. 9. Minnesota Statutes 1957, Section 52.20, Subdivision 2, is amended to read:

Subd. 2. Immediately after this meeting and before the committee shall proceed with the liquidation, the officers of the credit union shall file with the commissioner of banks a certified copy of the minutes of this meeting, a written statement outlining the plan of liquidation, and a verified statement, in writing, signed by a majority of the officers, consenting to this liquidation containing the names and addresses of all officers and directors of the credit union. After the commissioner of banks shall, by proper examination; determine that the credit union is solvent, he shall issue a certificate of approval of the liquidation, which certificate shall be filed with the register of deeds in the county where the credit union is located. From and after this special meeting the credit union shall cease to do business except for purposes of liquidation. Before commencing the liquidation the committee shall execute and file with the commissioner of banks a bond running to the State of Minnesota for the benefit of the members and creditors of the credit union in such amount and with such sureties and in such form as shall be approved by the commissioner of banks; conditioned for the faithful performance of all duties of its trust. *A bond may be waived in case of a bulk sale of assets to one or more purchasers upon terms approved by the commissioner of banks. Such purchasers may include other credit unions or an association of credit unions; provided, that upon any purchase the membership of the credit union organization shall be consistent with the provisions of section 52.05.*

Sec. 10. Minnesota Statutes 1957, Section 52.201, is amended to read:

52.201 Reorganizing federal credit union into state credit union. When any federal credit union authorized to *dissolve convert to a state charter* has taken the necessary steps under the federal law for that purpose, ~~a majority of its directors seven or more members~~, upon authority in writing of two-thirds of the members of the credit union present and entitled to vote and who shall have voted for such conversion at a regular or special meeting upon 14 days mailed written notice to each member at his last known address clearly stating that such conversion is to be acted upon, and upon approval of the commissioner of banks, may execute a

Changes or additions indicated by italics; deletions by ~~strikeout~~.

certificate of incorporation under the provisions of the state credit union act, which, in addition to the other requirements of law, shall state the authority derived from the shareholders of such federal credit union; and upon recording such certificate as required by law, it shall become a legal state credit union *and the members of the federal credit union shall without further action be members of the state credit union.* Thereupon the assets of the ~~dissolved~~ federal credit union, subject to its liabilities not liquidated under the federal law before such incorporation, shall vest in and become the property of such state credit union *and the members upon request shall be entitled to a new passbook showing existing share and loan balances.*

Sec. 11. Minnesota Statutes, 1957, Section 52.202, is amended to read:

52.202 **Directors may execute certificates.** When any state credit union authorized to dissolve has taken the necessary steps for that purpose, ~~a majority of its directors, upon authority in writing of two-thirds of the members and the approval of the commissioner of banks, pursuant to section 52.20, excepting the necessity for the appointment of a liquidating committee and filing a bond, the number of its members required by federal law~~ may execute a certificate of incorporation under the provisions of the federal credit union act, which federal *credit union* shall be regarded as continuing the existence of the state credit union. *Upon approval of the conversion by the federal regulatory agency and upon recording of such certificates as required by law the state credit union shall be fully dissolved.* Any officer of the state credit union, or member of supervisory and credit committees, elected to a corresponding office in the federal credit union, shall be regarded as holding over such office from the state credit union to *the federal credit union.*

Sec. 12. [52.203] **Merger.** *Any credit union chartered by this state may merge with and be absorbed by any other state or federal credit union, and any credit union chartered by this or any other state or any federal credit union may be merged into a successor credit union chartered by this state, upon approval of all regulatory agencies concerned, and upon compliance with this section as regards the credit union chartered by this state.*

If the credit union being absorbed is chartered by this state it shall comply with section 52.20 (with exception of the bond requirement) and a majority of its liquidating com-

Changes or additions indicated by italics; deletions by ~~strikeout~~.

mittee shall have authority to execute an agreement of merger with the successor credit union, subject to approval of such agreement by the commissioner of banks. Such approved agreement shall be filed with the register of deeds in the county where such credit union is located, in lieu of a liquidation certificate as required by subdivision 2 of section 52.20.

If the successor credit union which absorbs one or more credit unions is chartered by this state it shall have authority to execute an agreement of merger upon approval of such agreement by the commissioner of banks and by the board of directors of the credit union. The commissioner of banks shall not approve of any merger agreement, unless the membership of the successor or continuing credit union that shall result from the merger proposed in such agreement shall have a common bond of occupation or association or shall be residents within a well defined rural district.

In either case, the charter and license and all other rights and property of the credit union being absorbed shall be deemed to be transferred to and invested in the successor credit union upon such execution and approval of the merger agreement without further action. If the credit union being absorbed is chartered by this state, its corporate existence shall cease upon such execution and approval of the merger agreement without further action. This section shall not be construed to limit the requirement that the membership of the credit union organization shall conform to the provisions of section 52.05.

Sec. 13. Minnesota Statutes 1957, Section 52.15, is hereby amended to read as follows:

52.15 Borrowing, limitation. A credit union may borrow from any source, or sources, sums which shall not exceed in the aggregate ~~35~~ 40 percent of its unimpaired assets.

Approved April 14, 1961.

CHAPTER 332—H. F. No. 289

An act relating to game and fish; amending Minnesota Statutes 1957, Section 100.27, Subdivision 2.

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

Changes or additions indicated by italics, deletions by ~~strikeout~~.