CHAPTER 20--S.F.No. 1703

An act relating to commerce; eliminating supermajority requirements for conversion, merger, or consolidation of credit unions; amending Minnesota Statutes 2018, sections 52.201; 52.203.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2018, section 52.201, is amended to read:

52.201 REORGANIZING FEDERAL CREDIT UNION INTO STATE CREDIT UNION.

When any federal credit union authorized to convert to a state charter has taken the necessary steps under the federal law for that purpose, ~~seven or more members,~~ upon ~~authority~~ the affirmative vote of ~~two-thirds~~ a majority of the members ~~present and entitled to vote and who shall have voted for such conversion~~ who vote on the proposal, a quorum being present, at a regular or special meeting upon ~~14 days mailed~~ at least seven but not more than 30 days' written notice to each member ~~at the member's last known address~~ clearly stating that such conversion is to be acted upon, and upon approval of the commissioner of commerce, may execute a 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. This includes members of the federal credit union on the basis of acceptance of small employer groups provided the commissioner may require contemporaneous filing of applications under section 52.05, subdivision 2. Thereupon the assets of the 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. The commissioner of commerce shall approve or disapprove of the conversion within 60 days of the date the proposal is presented.

EFFECTIVE DATE. This section is effective August 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 52.203, is amended to read:

52.203 MERGER OR CONSOLIDATION.

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. At the time of filing with the commissioner of any proposed merger or consolidation plan, the credit unions proposing to merge or consolidate shall submit a fee of $100 payable to the commissioner of commerce. The fee shall be paid in equal parts by the credit unions' party to the proposal.

A credit union may be absorbed after ~~two-thirds~~ a majority of its members ~~present and entitled to vote~~ who vote on the proposal have voted in favor of the merger at a special meeting called by a majority of the board of directors for that purpose, upon ~~14~~ at least 45 but no more than 90 calendar days mailed written notice to each member at the member's last known address if by mail, or by other verifiable means, clearly

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stating the purpose of the special meeting, or at any regular meeting after like notice of the purpose has been given. Thereafter, the board of directors may execute an agreement of merger with the successor credit union, subject to approval of the agreement by the commissioner of commerce. The commissioner shall approve or disapprove of the agreement within 60 days of the date the agreement is submitted. The approved agreement must be filed with the secretary of state.

If the successor credit union which absorbs one or more credit unions is chartered by this state it may execute an agreement of merger upon approval of the agreement by the commissioner of commerce and by the board of directors of the credit union. The commissioner of commerce shall approve the merger agreement if it is in the best interest of the credit unions involved. In any event, the commissioner of commerce shall approve or disapprove of the merger agreement within 60 days of the date the agreement is submitted. Members of, and persons eligible for membership in, the credit union being absorbed have all rights of membership in the successor credit union.

The charter and license and all other rights and property of the credit union being absorbed is deemed to be transferred to and invested in the successor credit union upon execution and approval of the merger agreement without further action. Any pending action or other judicial proceeding to which the credit union being absorbed is a party at the date of merger does not abate by reason of the merger. If the credit union being absorbed is chartered by this state, its corporate existence ceases upon the execution and approval of the merger agreement without further action.

EFFECTIVE DATE. This section is effective August 1, 2019.

Presented to the governor May 9, 2019

Signed by the governor May 9, 2019, 9:53 a.m.

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