

## CHAPTER 99 — H.F.No. 415

*An act relating to financial institutions; authorizing federal funds transactions for credit unions; removing the limitation on insurance commission income and prohibiting participation of officials in such income; permitting the sale of real estate loans; amending Minnesota Statutes 1980, Section 52.04, Subdivision 1.*

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

Section 1. Minnesota Statutes 1980, Section 52.04, Subdivision 1, is amended to read:

Subdivision 1. 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 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 and, notwithstanding clause (2), to invest in and make loans of unsecured days funds (federal funds or similar unsecured loans) to financial institutions insured by an agency of the federal government and a member of the Federal Reserve System or required to maintain reserves at the Federal Reserve;

(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 chartered by this or any other state or operating under the provisions of the federal credit union act, in amounts not exceeding in the aggregate 25 percent of its unimpaired assets providing that payments on shares of and deposit with credit unions chartered by other states shall be restricted to credit unions insured by the National Credit Union Administration. The restrictions imposed by this clause shall not apply to share accounts and deposit accounts of Minnesota central credit union in U.S. central credit union;

(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;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(10) To indemnify each director, officer, or committee member, or former director, officer, or committee member against all expenses, including attorney's fees but excluding amounts paid pursuant to a judgment or settlement agreement, reasonably incurred by him in connection with or arising out of any action, suit, or proceeding to which he is a party by reason of being or having been a director, officer, or committee member of the credit union, except with respect to matters as to which he shall be finally adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of his duties. Such indemnification shall not be exclusive of any other rights to which he may be entitled under any bylaw, agreement, vote of members, or otherwise;

(11) Upon written authorization from a member, retained at the credit union, to make payments to third parties by withdrawals from the member's share or deposit accounts or through proceeds of loans made to such member, or by permitting the credit union to make such payments from the member's funds prior to deposit; to permit draft withdrawals from member accounts; however, this clause does not permit a credit union to establish demand deposits (checking accounts) for its members;

(12) To inform its members as to the availability of various group purchasing plans which are related to the promotion of thrift or the borrowing of money for provident and productive purposes by means of informational materials placed in the credit union's office, through its publications, or by direct mailings to members by the credit union;

(13) To facilitate its members' voluntary purchase of types of insurance incidental to promotion of thrift or the borrowing of money for provident and productive purposes including, but not limited to the following types of group or individual insurance: Fire, theft, automobile, life and temporary disability; to be the policy holder of a group insurance plan or a sub-group under a master policy plan and to disseminate information to its members concerning the insurance provided thereunder; to remit premiums to an insurer or the holder of a master policy on behalf of a credit union member, provided that the credit union shall obtain written authorization from ~~such~~ the member for remittance by share or deposit withdrawals or through proceeds of loans made by ~~such~~ the members, or by permitting the credit union to make ~~such~~ the payments from the member's funds prior to deposit; and to accept from the insurer reimbursement for the actual cost of ministerial tasks performed pertaining to insurance expenses incurred or in the case of credit life and accident and health insurance within the meaning of chapter 62B commissions for the handling of the insurance. The amount reimbursed or the commissions received may constitute the general income of the credit union. The directors, officers, committee members and employees of a credit union shall not profit on any insurance sale facilitated through the credit unions;

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(14) To contract with another credit union to furnish services which either could otherwise perform. Contracted services under this clause are subject to regulation and examination by the commissioner of banks like other services;

(15) 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 for, the accomplishment of the objectives and purposes of the credit union;

(16) To rent safe deposit boxes to its members provided the credit union obtains adequate insurance or bonding coverage for losses which might result from the rental of safe deposit boxes;

(17) Notwithstanding the provisions of section 52.05, to accept deposits of public funds in an amount secured by insurance or other means pursuant to chapter 118;

(18) To accept and maintain treasury tax and loan accounts of the United States and to pledge collateral to secure the treasury tax or loan accounts, in accordance with the regulations of the Department of Treasury of the United States;

(19) To accept deposits pursuant to section 149.12, notwithstanding the provisions of section 52.05, if the deposits represent funding of prepaid funeral plans of members.

(20) To sell, in whole or in part, real estate secured loans provided that:

(a) The loan is secured by a first lien;

(b) The board of directors approves the sale;

(c) If the sale is partial, the agreement to sell a partial interest shall, at a minimum:

(i) Identify the loan or loans covered by the agreement;

(ii) Provide for the collection, processing, remittance of payments of principal and interest, taxes and insurance premiums and other charges or escrows, if any;

(iii) Define the responsibilities of each party in the event the loan becomes subject to collection, loss or foreclosure;

(iv) Provide that in the event of loss, each owner shall share in the loss in proportion to its interest in the loan or loans;

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(v) Provide for the distribution of payments of principal to each owner proportionate to its interest in the loan or loans;

(vi) Provide for loan status reports;

(vii) State the terms and conditions under which the agreement may be terminated or modified; and

(d) The sale is without recourse or repurchase unless the agreement:

(i) Requires repurchase of a loan because of any breach of warranty or misrepresentation;

(ii) Allows the seller to repurchase at its discretion; or

(iii) Allows substitution of one loan for another.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective on the date following final enactment.

Approved May 6, 1981

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## CHAPTER 100 — H.F.No. 525

*An act relating to St. Louis County; authorizing an eleven member county extension committee.*

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

Section 1. **ST. LOUIS COUNTY EXTENSION COMMITTEE.**

The extension committee appointed under Minnesota Statutes, Section 38.36, for St. Louis County shall consist of eleven members, of which eight shall be appointed at large by the St. Louis County board of commissioners.

Sec. 2. **APPLICATION; APPROVAL NOT REQUIRED.**

This act is effective in St. Louis County and, pursuant to Minnesota Statutes, Section 645.023, Subdivision 1, Clause (a), is effective without local approval.

Approved May 6, 1981

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## CHAPTER 101 — H.F.No. 731

*An act relating to family; providing for solemnization of marriages by certain court officers; amending Minnesota Statutes 1980, Section 517.04.*

Changes or additions are indicated by underline, deletions by ~~strikeout~~.