

50.157 SAVINGS BANKS

50.157 Limited trusteeship.

A savings bank shall have the power to act as trustee or custodian within the contemplation of the federal self-employed individuals tax retirement act of 1962, as amended, and also within the contemplation of the employee retirement income security act of 1974, as amended. The trustee or custodian may accept such trust funds provided such funds are invested only in savings accounts or deposits in such bank or in obligations or securities issued by such bank. All funds held in such fiduciary capacity may be commingled for appropriate purposes of investment, but individual records shall be maintained by the fiduciary for each participant and shall show in proper detail all transactions engaged in under authority of this section.

[1977 c 5 s 3]

50.175 Negotiable order of withdrawal account.

Any savings bank organized and operating pursuant to this chapter, may establish negotiable order of withdrawal accounts on which it may or may not pay interest or dividends. Withdrawals from the accounts are subject to the right of the savings bank to require the depositor or account holder to give notice of an intended withdrawal not less than 30 days before the withdrawal is made, even though in practice the notice is not regularly required and the depositor or account holder is allowed to make withdrawals by negotiable or transferable instruments for the purpose of making payments to third persons or otherwise.

A savings bank shall always keep a reserve of at least seven percent of its noninterest or nondividend bearing negotiable order of withdrawal accounts, which shall be in cash, cash items in process of collection, balances due on demand from solvent banks in the United States, and not more than 30 percent in direct obligations of the United States Treasury which mature within one year from the date the obligations are first considered as a part of the bank's reserve. If on any one day a savings bank shall fail to meet the reserve requirements of this section then that bank shall pay a fine of \$50 per day to the commissioner of banks on his making a request for payment. Whenever the commissioner of banks shall determine that the maintenance of sound banking practices or the prevention of injurious credit expansion or contraction makes action advisable, he may by directive change the requirements as to reserves against noninterest or nondividend bearing negotiable order of withdrawal accounts in savings banks. The reserve requirements established in any such directive shall not be less than seven percent, nor more than those required of member banks of the Federal Reserve System on the date that the directive is issued by the commissioner unless these reserve requirements are less than seven percent.

[1977 c 104 s 1]

CHAPTER 52. CREDIT UNIONS

Sec.
52.04 Powers.

Sec.
52.203 Merger.

52.04 Powers.

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;

(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 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 unpaired 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;

(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; and

(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 member for remittance by share or deposit withdrawals or through proceeds of loans made by such members, or by permitting the credit union to make such 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;

(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 chap-

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52.04 CREDIT UNIONS

ter, 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; and

(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.

Subd. 2. The commissioner of banks may by rule authorize a state chartered credit union to engage in any activity in which the credit union could engage were it operating as a federally chartered credit union provided that the activity is not expressly prohibited by the laws of this state and was permitted by law or rule as of June 1, 1977.

[1977 c 71 s 1; 1977 c 84 s 1; 1977 c 315 s 1]

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.

A credit union may be absorbed after two-thirds of its members present and entitled to vote shall have voted in favor of the merger at a special meeting called by a majority of the board of directors for that purpose, upon fourteen days mailed written notice to each member at his last known address clearly 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 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. The commissioner shall approve or disapprove of said agreement within 60 days of the date the agreement is submitted to him. Such approved agreement shall be filed with the county recorder in the county where such credit union is located.

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 approve the merger agreement if it is in the best interest of the credit unions involved. In any event, the commissioner of banks shall approve or disapprove of the merger agreement within 60 days of the date the agreement is submitted to him. Members of and persons eligible for membership in the credit union being absorbed shall 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 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. Any pending action or other judicial proceeding to which the credit union being absorbed is a party at the date of merger shall not abate by reason of the merger. 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.

[1977 c 16 s 1]

CHAPTER 53. INDUSTRIAL LOAN AND THRIFT COMPANIES

Sec.
53.03 Certificate.

Sec.
53.051 Insurance in connection with loans.

53.03 Certificate.

Subdivision 1. **Application, fee, notice.** Any corporation hereafter organized as an industrial loan and thrift company, shall, after compliance with the requirements set forth in sections 53.01 and 53.02, cause an application, in writing, to be made to