

## CHAPTER 52

### CREDIT UNIONS

52.02	Bylaws and amendments, approval.	52.22	Repealed.
52.09	Directors; powers and duties.	52.24	Mandatory share and deposit insurance.
52.17	Reserve fund.		

#### 52.02 BYLAWS AND AMENDMENTS, APPROVAL.

Subdivision 1. **Amendments by members.** (a) To amend the certificate of organization or bylaws, proposed amendments shall be set forth as follows:

(1) if balloting by mail has not been authorized by the board of directors, then a statement of intent to amend which identifies the proposed amendments shall be set forth in the notice of the meeting; or

(2) if balloting by mail has been authorized by the board of directors as either the exclusive means of voting or in conjunction with voting in person, a statement of intent to amend which identifies the proposed amendments shall be set forth in a notice mailed to all members eligible to vote at least 30 days prior to the close of balloting by mail. Any amendments to the certificate of organization or bylaws shall be approved by two-thirds vote of the members actually voting, if the members actually voting constitute a quorum.

(b) A member receiving notice of a proposed bylaw amendment pursuant to this subdivision may request a written copy of the proposed bylaw amendment. This request must be made no later than ten days prior to the close of balloting by mail or the date set for the meeting. The credit union shall provide the member with a written copy of the proposed bylaw amendment upon receipt of a timely request and the original notice must inform the member of the right to make a request. A copy of the proposed amendments shall be posted in the credit union's office for member review 30 days prior to the close of balloting by mail or the date of the meeting.

*[For text of subs 2 and 3, see M.S.1988]*

**History:** 1989 c 127 s 1

#### 52.09 DIRECTORS; POWERS AND DUTIES.

*[For text of subs 1 to 4, see M.S.1988]*

Subd. 5. **Elimination or limitation of liability.** A director's personal liability to the credit union or its members for monetary damages for breach of fiduciary duty as a director may be eliminated or limited in the bylaws. The bylaws shall not eliminate or limit liability of a director:

- (1) for breach of the director's duty of loyalty to the credit union or its members;
  - (2) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
  - (3) for a transaction from which the director derived an improper personal benefit;
- or
- (4) for an act or omission occurring prior to the date when the provision in the bylaws eliminating or limiting liability becomes effective.

**History:** 1989 c 304 s 130

**NOTE:** Subdivision 5, as added by Laws 1989, chapter 304, section 130, is effective January 1, 1991. See Laws 1989, chapter 304, section 140.

#### 52.17 RESERVE FUND.

Subdivision 1. **Provision for losses.** Every credit union shall maintain a reserve fund, which shall be used as a reserve against losses on loans, losses on investments,

and other losses, and shall not be used to pay expenses of the credit union or otherwise distributed, except in case of liquidation. At the end of each monthly accounting period the gross income shall be determined. From this amount, there shall be set aside, as a statutory reserve against losses on loans, losses on investments, and against other losses as may be specified in rules prescribed by the commissioner of commerce, sums in accordance with the following schedule:

(a) A credit union in operation for more than four years and having assets of \$500,000 or more shall set aside (1) ten percent of gross income until the statutory reserve shall equal four percent of the total of outstanding loans and risk assets, then (2) five percent of gross income until the statutory reserve shall equal six percent of the total of outstanding loans and risk assets;

(b) A credit union in operation less than four years or having assets of less than \$500,000 shall set aside (1) ten percent of gross income until the statutory reserve shall equal seven percent of the total of outstanding loans and risk assets, then (2) five percent of gross income until the statutory reserve shall equal ten percent of the total outstanding loans and risk assets.

Whenever the statutory reserve falls below the percent of the total of outstanding loans and risk assets required by clause (a) or (b), it shall be replenished in the manner provided by clause (a) or (b) by regular contributions to maintain the stated reserve goals. The commissioner may waive the requirements in paragraphs (a), clause (2), and (b), clause (2), based on applications by credit unions demonstrating need and considering levels of total reserves and other factors bearing on the credit union's safety and soundness. The commissioner may also require special reserves to protect the interests of members either by rule or by an individual credit union in any special case.

The following shall not be included in computing outstanding loans and risk assets pursuant to clauses (a) and (b): loans to other credit unions; loans to the extent secured by a pledge of savings in the lending credit union; loans which are purchased or acquired from liquidating or merging credit unions and guaranteed by an insurance corporation pursuant to section 52.24; loans insured or guaranteed by the United States or the state of Minnesota, any agency or instrumentality of the United States or the state of Minnesota, to the amount of the insurance or guarantee.

*[For text of subd 2, see M.S.1988]*

**History:** 1989 c 127 s 2

**52.22** [Repealed, 1989 c 27 art 2 s 10]

## **52.24 MANDATORY SHARE AND DEPOSIT INSURANCE.**

**Subdivision 1. Insurance accounts.** Every credit union under the supervision of the commissioner of commerce shall at all times maintain in effect insurance of member share and deposit accounts under the provisions of title II of the National Credit Union Act, or insurance from a legally constituted credit union share insurance corporation. A credit union which fails to meet this requirement for insurance of its share and deposit accounts shall either dissolve or merge with another credit union which is insured under title II of the National Credit Union Act, or by a legally constituted credit union share insurance corporation.

**Subd. 2. Certificate of approval.** No credit union shall be granted a certificate of approval by the commissioner of commerce unless the credit union has obtained a commitment for insurance of its member share and deposit accounts under the provisions of title II of the National Credit Union Act, or from a legally constituted credit union share insurance corporation.

*[For text of subd 3, see M.S.1988]*

**History:** 1989 c 127 s 3,4