52.04 POWERS.

Subdivision 1. **Generally.** A credit union has the following powers:

(1) to offer its members and other credit unions various classes of shares, share certificates, deposits, or deposit certificates;

(2) 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 thrift organizations within its membership. Trust funds received by a real estate broker or the broker's salespersons in trust may be deposited in a credit union;

(3) to make loans to members for provident or productive purposes as provided in section 52.16;

(4) to make loans to a cooperative society or other organization having membership in the credit union;

(5) to deposit in state and national banks and trust companies authorized to receive deposits;

(6) to invest in any investment legal for savings banks or for trust funds in the state and, notwithstanding clause (3), 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;

(7) to borrow money as hereinafter indicated;

(8) to adopt and use a common seal and alter the same at pleasure;

(9) 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. The restrictions imposed by this clause do not apply to share accounts and deposit accounts of the Minnesota corporate credit union in United States central credit union or to share accounts and deposit accounts of credit unions in the Minnesota corporate credit union;

(10) 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;

(11) 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 in connection with or arising out of any action, suit, or proceeding to which that person 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 that person is finally adjudged in the action, suit, or proceeding to be liable for negligence or misconduct in the performance of duties. The indemnification is not exclusive of any other rights to which that person may be entitled under any bylaw, agreement, vote of members, or otherwise;

(12) 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 those payments from the member's funds prior to deposit; to permit draft withdrawals from member accounts, but a credit union proposing to permit draft withdrawals shall notify the commissioner of commerce, in the form prescribed, of its intent not less than 90 days prior to authorizing draft withdrawals. The board of directors of a credit union may restrict one class of shares to the extent that it may not be redeemed, withdrawn, or transferred except upon termination of membership in the credit union;

(13) 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;

(14) 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 policyholder of a group insurance plan or a subgroup 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, if the credit union obtains written authorization from the member for remittance by share or deposit withdrawals or through proceeds of loans made by the members, or by permitting the credit union to make the payments from the member's funds prior to deposit; and to accept from the insurer reimbursement for expenses incurred or in the case of credit life, accident and health, and involuntary unemployment 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;

(15) 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 commerce like other services;

(16) 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 incidental to, or necessary for, the accomplishment of the objectives and purposes of the credit union;

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

(18) 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 118A or section 9.031 or other applicable law and to receive deposits of trust funds provided that either the provider or the beneficial owner of the funds is a member of the credit union accepting the deposit;

(19) 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;

(20) to accept deposits pursuant to section 149A.97, subdivision 5, notwithstanding the provisions of section 52.05, if the deposits represent funding of prepaid funeral plans of members;

(21) to sell, in whole or in part, real estate secured loans provided that:

(i) the loan is secured by a first lien;

(ii) the board of directors approves the sale;

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

(A) identify the loan or loans covered by the agreement;

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

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

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

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

(F) provide for loan status reports;

(G) state the terms and conditions under which the agreement may be terminated or modified; and

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

(A) requires repurchase of a loan because of any breach of warranty or misrepresentation;

(B) allows the seller to repurchase at its discretion; or

(C) allows substitution of one loan for another;

(22) in addition to the sale of loans secured by a first lien on real estate, to sell, pledge, discount, or otherwise dispose of, in whole or in part, to any source, a loan or group of loans, other than a self-replenishing line of credit; provided, that within a calendar year beginning January 1 the total dollar value of loans sold, other than loans secured by real estate or insured by a state or federal agency, shall not exceed 25 percent of the dollar amount of all loans and participating interests in loans held by the credit union at the beginning of the calendar year, unless otherwise authorized in writing by the commissioner;

(23) to designate the par value of the shares of the credit union by board resolution;

(24) to exercise by resolution the powers set forth in United States Code, title 12, section 1757. Before exercising each power, the board must submit a plan to the commissioner of commerce detailing implementation of the power to be used;

(25) to offer self-directed individual retirement accounts and Keogh accounts and act as custodian and trustee of these accounts if:

(i) all contributions of funds are initially made to a deposit, share or share certificate account in the credit union;

(ii) any subsequent transfer of funds to other assets is solely at the direction of the member and the credit union exercises no investment discretion and provides no investment advice with respect to plan assets;

(iii) the member is clearly notified, as applicable, of the fact that National Credit Union Share Insurance Fund coverage is limited to funds held in deposit, share or share certificate accounts of National Credit Union Share Insurance Fund-insured credit unions; and

(iv) the member is clearly notified, as applicable, of the fact that approved credit union share guaranty corporation coverage is limited to funds held in deposit, share or share certificate accounts of the approved credit union share guaranty corporation-insured credit unions;

(26) to impose reasonable charges for the services it provides to its members;

(27) to impose financing charges and reasonable late charges in the event of default on loans, and recover reasonable costs and expenses, including, but not limited to, actual collection costs and attorneys' fees incurred both before and after judgment, incurred in the collection of sums due, if provided for in the note or agreement signed by the borrower;

(28) to acquire, lease, hold, assign, pledge, sell, or otherwise dispose of interests in a loan or groups of loans other than a self-replenishing line of credit; and

(29) to conduct savings promotion raffles in the manner and subject to the requirements set forth in section 609.761, subdivision 6.

Subd. 2. [Repealed, 1985 c 137 s 3]

Subd. 2a. **Credit sales or service contracts.** A person may enter into a credit sale or service contract for sale to a state or federal credit union doing business in this state, and a credit union may purchase and enforce the contract under the terms and conditions set forth in section 47.59, subdivisions 4 to 14.

Subd. 3. **Parity.** Notwithstanding any other provision of law, and in addition to all powers and activities, express, implied, or incidental, that a credit union has under the laws of this state, a credit union may exercise the powers and activities of, or take any action permitted for, a federal credit union, upon approval of the commissioner. The commissioner must approve or deny a request under this subdivision within 60 days after submission of the request by a credit union. The commissioner may not authorize state credit unions subject to this chapter to engage in credit union activity prohibited by the laws of this state.

History: *(7774-4) 1925 c 206 s 4; 1937 c 213 s 1; 1943 c 247 s 1; 1949 c 88 s 3; 1961 c 331 s 2; 1963 c 384 s 1; 1967 c 301 s 1; 1971 c 154 s 3; 1973 c 740 s 1; 1975 c 394 s 1; 1976 c 308 s 1; 1977 c 71 s 1; 1977 c 84 s 1; 1977 c 315 s 1; 1978 c 747 s 3; 1979 c 50 s 7; 1979 c 149 s 1; 1981 c 99 s 1; 1981 c 316 s 1; 1983 c 43 s 1; 1983 c 289 s 114 subd 1; 1984 c 512 s 2; 1984 c 655 art 1 s 92; 1985 c 137 s 1; 1986 c 353 s 3; 1986 c 444; 1987 c 105 s 2; 1991 c 42 s 2; 1993 c 257 s 30,31; 1993 c 343 s 3; 1995 c 202 art 3 s 10; 1997 c 157 s 36,37; 1997 c 215 s 2; 2000 c 427 s 8; 2001 c 7 s 90; 2002 c 339 s 3,4; 2015 c 29 s 2; 2026 c 56 s 5*