CHAPTER 52

CREDIT UNIONS

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52.001 DEFINITIONS.

Subdivision 1. **Application.** For purposes of this chapter, the terms defined in this section have the meanings given.

Subd. 1a. **Approved credit union share guaranty corporation.** "Approved credit union share guaranty corporation" means a corporation that insures share accounts in compliance with section 52.24, subdivision 1a, and has been approved by the commissioner.

Subd. 2. **Board.** "Board" means the board of directors of a credit union.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of the Department of Commerce.

Subd. 4. **Credit union.** "Credit union" means a cooperative, not-for-profit financial institution formed and operating under this chapter.

Subd. 5. **Community.** "Community" means an identifiable local neighborhood, community, rural district, or other geographically well-defined area in which individuals have common interests or interact. "Well-defined" means the proposed area has specific geographic boundaries, including a school district, city, township, county, or clearly identifiable neighborhood, but does not include the state as a whole.

Subd. 6. **Director.** "Director" means a member of the board.

Subd. 7. **Federal credit union.** "Federal credit union" means a credit union organized and operating under the laws of the United States.

Subd. 8. **Insolvent.** "Insolvent" means the condition that results when the cash value of assets realizable in a reasonable period of time is less than the liabilities that must be met within that time.

Subd. 9. **Member.** "Member" means a person whose application for membership has been approved as meeting the membership criteria of the credit union, who has paid any required entrance or membership fee, and who has paid for one or more shares.

Subd. 10. **Organization.** "Organization" means any corporation, association, partnership, limited liability company, cooperative, trust, or other legal entity.

Subd. 11. **Out-of-state credit union.** "Out-of-state credit union" means a credit union organized under the laws of another state or United States territory or possession.

Subd. 12. **Small group.** "Small group" means a group that has less than 500 potential members that has made a written request to a credit union for credit union services.

Subd. 13. **Unsafe or unsound practice.** "Unsafe or unsound practice" means any action or lack of action that is contrary to generally accepted standards of prudent operation and that poses an abnormal risk of loss to the credit union or its members.

History: *2002 c 339 s 1; 2026 c 56 s 4*

52.01 ORGANIZATION.

Any seven residents of the state may apply to the commissioner of commerce for permission to organize a credit union.

A credit union is a cooperative society, incorporated for 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.

A credit union is organized in the following manner:

(1) The applicants execute, in duplicate, a certificate of organization by the terms of which they agree to be bound, which shall state:

(a) the name and location of the proposed credit union;

(b) the names and addresses of the subscribers to the certificate and the number of shares subscribed by each;

(2) The applicants submit the following in the form prescribed by the commissioner of commerce:

(a) a statement of the common bond of the proposed credit union;

(b) the number of potential members;

(c) the geographic dispersion of the potential members;

(d) evidence of interest, including willingness of potential members to assume responsibility for leadership and service;

(e) a two-year forecast of probable levels of assets, shares and deposits, and income and expense;

(f) the availability of other credit union services to the potential members;

(g) other information the commissioner requires;

(3) They next prepare and adopt bylaws for the general governance of the credit union consistent with the provisions of this chapter, and execute them in duplicate;

(4) The certificate and the bylaws, both executed in duplicate, are forwarded to the commissioner of commerce with a $1,000 application fee, which may be waived by the commissioner for a credit union to be located in a low- or moderate-income area as defined in Code of Federal Regulations, title 12, part 25(1), (n)(1) and (n)(2), and where no other depository institution operates an office;

(5) The commissioner of commerce shall, within 60 days of the receipt of the certificate, the information required by paragraph (2), and the bylaws determine whether they comply with the provisions of this chapter, and whether or not the organization of the credit union in question would benefit its members, be economically feasible, and be consistent with the purposes of this chapter;

(6) Thereupon the commissioner of commerce shall notify the applicants of the decision. If it is favorable, the commissioner shall upon receipt of a commitment for insurance of accounts as required by section 52.24, subdivision 2, issue a certificate of approval, attached to the duplicate certificate of organization, and return them with the duplicate bylaws to the applicants. If it is unfavorable, the applicants may, within 60 days after the decision, appeal for a review in a court of competent jurisdiction;

(7) The applicants shall thereupon file the duplicate of the certificate of organization, with the certificate of approval attached thereto, with the secretary of state, who shall make a record of the certificate and return it, with a certificate of record attached thereto, to the commissioner of commerce for permanent records; and

(8) Thereupon the applicants shall be a credit union incorporated in accordance with the provisions of this chapter.

In order to simplify the organization of credit unions, the commissioner of commerce shall prepare approved forms of certificate of organization and bylaws, consistent with this chapter, which may be used by credit union incorporators for their guidance, and on written application of seven residents of the state, shall supply them without charge with a blank certificate of organization and a copy of the form of suggested bylaws.

History: *(7774-1) 1925 c 206 s 1; 1949 c 88 s 1; 1951 c 308 s 1; 1971 c 154 s 1; 1975 c 303 s 1; 1976 c 181 s 2; 1981 c 220 s 14; 1983 c 230 s 1; 1983 c 289 s 114 subd 1; 1984 c 512 s 1; 1984 c 655 art 1 s 92; 1986 c 444; 1987 c 349 art 1 s 27; 1999 c 151 s 25*

52.02 RESOLUTIONS, AMENDMENT OF BYLAWS AND CERTIFICATE OF ORGANIZATION, APPROVAL.

Subdivision 1. **Amendment of bylaws by members.** (a) If three percent or more of all members propose a resolution for action by the members to adopt, amend, or repeal bylaws adopted, amended, or repealed by the board and the resolution sets forth the provisions proposed for adoption, amendment, or repeal, the resolution must be submitted to the members for a vote in the following manner:

(1) if balloting by mail, or other electronic means, 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 or other electronic means, 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 or the date of the meeting.

Subd. 2. **Amendments by directors.** The bylaws and certificate of organization may be amended by a two-thirds vote of the number of directors authorized at any duly convened meeting of the board, but only after the members of the board have been given at least 30 days' notice of the meeting and the notice includes a copy of the proposed amendment or amendments. The board of directors shall not adopt, amend, or repeal a bylaw fixing a quorum for meetings of members, prescribing procedures for removing directors or filling vacancies in the board, or fixing the number of directors or their classifications, qualifications, or terms of office, but may adopt or amend a bylaw to increase the number of directors.

Subd. 3. **Approval.** Amendments to the certificate of organization or bylaws, other than the addition to the field of membership of a small group or a group determined by the commissioner under section 52.05 to be too small to form its own credit union, must be approved by the commissioner of commerce before they become operative. The commissioner shall not unreasonably withhold approval if the amendments do not violate any provision of this chapter or other state law. In any event, the commissioner shall approve or disapprove the proposed amendment within 60 days of the date the proposed amendment is submitted to the commissioner by the credit union. In case of disapproval the credit union shall have the right to appeal to a court of competent jurisdiction within the time limits stated in section 52.01, clause (6). In case any amendment to the certificate of organization is adopted, the resolution, containing a full text of the amendment and verified by its president or treasurer and approved by the commissioner of commerce, shall be recorded in the Office of the Secretary of State. Upon addition to the field of membership of a small group or a group determined by the commissioner under section 52.05 to be too small to form its own credit union, a credit union must provide timely written notice to the commissioner, and the commissioner shall have 30 days from receipt of the notice to reject the addition of that group; if the commissioner does not reject the addition within that period, it is deemed approved.

History: *(7774-2) 1925 c 206 s 2; 1933 c 346 s 1; 1949 c 88 s 2; 1961 c 331 s 1; 1971 c 154 s 2; 1976 c 176 s 1; 1976 c 181 s 2; 1982 c 429 s 1; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1Sp1985 c 13 s 185; 1987 c 349 art 1 s 28; 1989 c 127 s 1; 2002 c 339 s 2; 2018 c 110 s 1*

52.03 "CREDIT UNION," UNLAWFUL USE.

Subdivision 1. **Penalty.** Except as provided in subdivision 2, it shall be a misdemeanor for any person, association, copartnership, or corporation, except corporations organized in accordance with the provisions of this chapter, to use the words "credit union" in their name or title.

Subd. 2. **Reciprocity.** With the approval of the commissioner, a credit union chartered in another state shall be permitted to do business in Minnesota if Minnesota credit unions are permitted to do business in that state, and if:

(a) the credit union is organized under laws similar to Minnesota laws applicable to credit unions;

(b) the credit union is financially solvent;

(c) the credit union needs to conduct business in this state to adequately serve its members in this state;

(d) the credit union satisfies the mandatory share and deposit insurance requirements in section 52.24;

(e) the credit union designates and maintains an agent for the service of process in this state; and

(f) the credit union complies with the provisions of section 52.04.

Subd. 3. **Cease and desist.** If subsequent to approval it is determined that a reciprocating state credit union is not in compliance with the criteria of subdivision 2, the commissioner may by order require such reciprocating state credit union to discontinue its Minnesota operations by a date certain. The order would be subject to the procedures applicable to cease and desist proceedings pursuant to sections 46.23 to 46.33 and any rules promulgated thereunder.

History: *(7774-3) 1925 c 206 s 3; 1984 c 500 s 1; 1984 c 655 art 2 s 7 subd 1*

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

52.05 MEMBERSHIP.

Subdivision 1. **Requirements.** Credit union membership consists of the incorporators and other persons as may be elected to membership and subscribe to at least one share as designated by the board of directors, pay the initial installment thereon and the entrance fee if any. In addition to a regularly qualified member, the spouse of a member, the blood or adoptive relatives of either of them and their spouses may be members. When an individual member of a credit union leaves the field of membership, the member, and all persons who became members by virtue of that individual's membership may continue as members. The surviving spouse of a regularly qualified member, and the blood or adoptive relatives of either of them and their spouses may become members. Organizations, incorporated or otherwise, composed for the most part of the same general group as the credit union membership may be members. Credit unions chartered by this or any other state, or any federal credit union may be members. Credit union organizations shall be limited to persons within one or more groups or any combination of groups having a common bond of occupation, association, or community.

Subd. 2. **Application.** Any two persons representing a group of 30 or less or any 15 persons representing a larger group may apply to the commissioner, advising the commissioner of the common bond of the group and its number of potential members, for a determination whether it is feasible for the group to form a credit union. Upon a determination that it is not feasible to organize because the number of potential members is too small, the applicants will be certified by the commissioner as eligible to petition for membership in an existing credit union capable of serving the group. If the credit union so petitioned resolves to accept the group into membership, it shall follow the bylaw amendment and approval procedure set forth in section 52.02.

The commissioner may adopt rules to implement this subdivision. If adopted, these rules must provide that:

(1) for the purpose of this subdivision, groups with a potential membership of less than 500 will be considered too small to be feasible as a separate credit union;

(2) for the purpose of this subdivision, groups with a potential membership of at least 500 but less than 3,000 may be considered to be too small to be feasible as a separate credit union, based upon criteria developed by the commissioner, taking into account the objectives of this subdivision;

(3) groups with a potential membership of 3,000 or more will be considered in light of all circumstances relevant to the objectives of this subdivision; and

(4) all group applications, except for applications from groups made up of members of existing credit unions or groups made up of people who have a common employer which qualifies them for membership in an existing credit union, will be considered separately from any consideration of the membership provisions of existing credit unions; except that, groups made up of members of an existing credit union may be certified under this subdivision with the agreement of the credit union.

History: *(7774-5) 1925 c 206 s 5; 1945 c 540 s 1; 1949 c 88 s 4; 1953 c 40 s 1; 1955 c 453 s 1; 1961 c 331 s 3; 1971 c 154 s 4; 1973 c 740 s 2; 1979 c 106 s 1; 1983 c 230 s 2; 1984 c 512 s 3; 1986 c 444; 1987 c 181 s 1; 1995 c 202 art 4 s 22; 1999 c 151 s 26; 2002 c 339 s 5,6*

52.06 SUPERVISION; REPORTS; AUDITS; FEES.

Subdivision 1. **Report and audit schedule.** Credit unions shall be under the supervision of the commissioner of commerce. Each credit union shall annually, on or before January 25, file a report with the commissioner of commerce on forms supplied by the commissioner for that purpose giving such relevant information as the commissioner may require concerning the operations during the preceding calendar year. Additional reports may be required. Credit unions shall be examined, at least once every 24 calendar months, by the commissioner of commerce. Further, in lieu of this examination the commissioner may accept any examination made by the National Credit Union Administration, provided a copy of the examination is furnished to the commissioner. A report of the examination by the commissioner of commerce shall be forwarded to the president, or the chair of the board if the position is so designated pursuant to section 52.09, subdivision 4, of the examined credit union within 60 days after completion of the examination. Within 60 days of the receipt of such report, a general meeting of the directors and committees shall be called to consider matters contained in the report. For failure to file reports when due, unless excused for cause, the credit union shall pay to the commissioner of management and budget $5 for each day of its delinquency.

Subd. 2. **Bookkeeping standards.** Whenever it shall appear to the commissioner of commerce that any credit union operating in this state does not keep books and accounts in such manner as to enable the commissioner to readily ascertain the true condition of such credit union, the commissioner may require the officers of such credit union or any of them to open and keep such books or accounts as the commissioner may determine and prescribe for the purpose of keeping accurate and convenient records of the transactions and accounts of such credit union. Credit union books and records must be maintained in one location and be available for examination sometime between the hours of 8:00 a.m. and 5:00 p.m. weekdays. Any credit union failing to produce the books and records when requested shall be charged for such attempted examination by the examiner on the basis outlined in section 46.131 and a like charge shall be assessed for each and every attempt made by the examiner to obtain the books and records. Prepaid expenses may be treated as an asset account in accordance with sound accounting procedures.

History: *(7774-6) 1925 c 206 s 6; 1945 c 540 s 2; 1949 c 88 s 5; 1961 c 331 s 4; 1963 c 396 s 1; 1967 c 51 s 1; 1971 c 154 s 5; 1973 c 740 s 3,4; 1981 c 73 s 1; 1983 c 289 s 114 subd 1; 1984 c 576 s 17; 1984 c 655 art 1 s 92; 1985 c 248 s 70; 1986 c 444; 1992 c 587 art 1 s 18; 2003 c 51 s 9; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

52.061 [Repealed, 2001 c 161 s 58]

52.062 CREDIT UNIONS; SUSPENSION OF OPERATION.

Subdivision 1. **Reasons for commissioner's action.** Whenever the commissioner of commerce shall find that a credit union is engaged in unsafe or unsound practices in conducting its business or that the shares of the members are impaired or are in immediate danger of becoming impaired, or that such credit union has knowingly or negligently permitted any of its officers, directors, committee members, or employees to violate any material provision of any law, bylaw, or rule to which the credit union is subject, the commissioner of commerce may proceed in the manner provided by subdivision 2, 3, or 4.

Subd. 2. **Suspension.** The commissioner of commerce may suspend the operation of the credit union by giving notice to its board of directors by certified mail. Said notice shall include a list of reasons for said suspension and a list of any specific violations of law, bylaw, or rule, and shall specify which operations of the credit union may be continued during the period of suspension. The notice shall also fix a time and place for a hearing before the commissioner of commerce or such person or persons as the commissioner of commerce may designate. The hearing shall be held within 60 days of the notice of suspension. Evidence

may be produced at said hearing by any party thereto, and the commissioner of commerce shall base the decision as to the continued suspension of operation of the credit union upon said evidence. If the commissioner of commerce decides to continue the suspension, the commissioner shall give notice of the decision to the board of directors of the credit union.

Subd. 3. [Repealed, 2005 c 118 s 18]

Subd. 4. **Consent cease and desist order.** In lieu of suspension of the operation of the credit union, the commissioner of commerce and the board of directors of the credit union may agree to execute a consent cease and desist order in which the parties agree to waive the right to a hearing and agree that the credit union shall cease and desist from unsafe or unsound practices, or violations. The order must specify whether credit union operation may continue, and if operation may continue, the conditions under which operation may continue.

History: *1967 c 51 s 3; 1978 c 674 s 60; 1983 c 260 s 17; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1985 c 248 s 70; 1986 c 444; 1997 c 157 s 38,39; 2005 c 118 s 6*

52.063 PROCEEDINGS FOLLOWING SUSPENSION, CONTINUATION OF SUSPENSION, OR CONSENT CEASE AND DESIST ORDER; APPOINTMENT OF NATIONAL CREDIT UNION ADMINISTRATION BOARD AS RECEIVER.

Subdivision 1. **Proceedings following suspension or continuation of suspension.** Upon receipt of the suspension notice or the notice of the continuation of suspension under section 52.062, subdivision 2 or 3, the credit union shall immediately cease or continue cessation of all operations except those operations specifically authorized by the commissioner of commerce. If the notice is given pursuant to determination by the commissioner of commerce after a hearing, the board of directors shall have 60 days from the receipt of said notice in which to file with the commissioner of commerce a proposed plan of corrective actions or to request that a receiver be appointed for the credit union. The commissioner of commerce shall have 30 days from the receipt of the proposed plan of corrective actions to determine if the proposed corrective actions are sufficient to correct the deficiencies which formed the basis for the suspension. If the commissioner of commerce determines that the proposed corrective actions are sufficient, the suspension shall be lifted and the credit union returned to normal operations under its board of directors. If the commissioner of commerce believes the proposed corrective actions insufficient, or if the board has failed to answer the suspension notice, or has requested that a receiver be appointed, then the commissioner of commerce shall apply to the district court for appointment of a receiver. The credit union shall have the right, within six months of the receipt of any notice of suspension or continuation of suspension pursuant to a determination by the commissioner of commerce after hearing, to appeal to the district court for a ruling as to the validity of such notice.

Subd. 2. **Proceedings following consent cease and desist order.** If the commissioner of commerce and the board of directors of the credit union execute a consent cease and desist order in lieu of a suspension under section 52.062, subdivision 4, the board of directors of the credit union may request that the commissioner of commerce seek court appointment of a receiver for the credit union. The consent cease and desist order must state that the credit union has requested that the commissioner seek appointment of a receiver.

Subd. 3. **Appointment of National Credit Union Administration Board as receiver.** Upon a request by the commissioner of commerce, the court may appoint the National Credit Union Administration Board, created by section 3 of the Federal Credit Union Act, as amended, or a share insurance provider approved by the commissioner as receiver of a credit union, without bond, when the deposits of the credit union are

to any extent insured by the National Credit Union Administration Board or approved share insurance provider, and the credit union has had its operations suspended or has executed a consent cease and desist order with the commissioner in lieu of a suspension under section 52.062. Notwithstanding any other provisions of law, the commissioner of commerce may, in the event of the suspension or consent cease and desist order, tender to the National Credit Union Administration Board or approved share insurance provider the proposed appointment as receiver of the credit union. If the National Credit Union Administration Board or approved share insurance provider accepts the proposed appointment and the court appoints the National Credit Union Administration Board or approved share insurance provider as receiver upon a request by the commissioner, the National Credit Union Administration Board or approved shared insurance provider shall have and possess all the powers and privileges provided by the laws of this state and section 207 of the Federal Credit Union Act, as amended, with respect to a receiver of a credit union, the board of directors of the credit union, and its members.

History: *1967 c 51 s 4; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1997 c 157 s 40; 2026 c 56 s 6*

52.064 RECEIVERSHIP.

Subdivision 1. **Ceasing operations; planning for return.** A receiver shall take possession and control of all the books, assets, and records of the credit union, which shall not be subject to any levy or attachment, and shall cease or continue cessation of all operations except those which have been authorized by the court. For a period of 90 days after the appointment of the receiver, or such longer time as the court may prescribe, the receiver, the board of directors of the credit union, or any group of 15 members of the credit union may apply to the court for permission to file, and if permitted may file, a plan of reorganization, merger, or consolidation for the credit union. If such plan is approved by the commissioner of commerce and the court, the books, assets, and records of the credit union shall be returned to the members pursuant to the plan, and the receiver shall be discharged.

Subd. 2. **Winding up.** If a plan of reorganization, merger, or consolidation is not submitted during the 90-day period, or such other period allowed by the court, or if any such plan is not approved by the commissioner of commerce and the court, the receiver shall proceed to collect and distribute the assets of the credit union, discharge its debts, and do such other acts required in order to wind up its business, and may sue and be sued for the purpose of enforcing its claims, debts, and obligations until its affairs are completed and the receiver discharged. The receiver shall use the assets of the credit union to pay first, expenses incidental to the receivership and liquidation proceedings; second, any creditors other than depositors; and third, depositors. Assets then remaining shall be distributed to the members proportionately to shares held by each member as of the date the receiver is appointed.

Subd. 3. **Waiver when credit union requests appointment of National Credit Union Administration Board as receiver.** If the board of directors of the credit union has made a request to the commissioner of commerce to seek court appointment of the National Credit Union Administration Board as its receiver, and the commissioner elects to seek this appointment, then the board of directors of the credit union may waive the right to apply to the court for permission to file, and the right to file, a plan of reorganization, merger, or consolidation for the credit union within 90 days of the appointment of the receiver under subdivision 1. The board of directors of the credit union may waive this right on behalf of itself, and on behalf of the members of the credit union, when the board of directors of the credit union determines that such action is in the best interests of the credit union and its members, so that the deposit insurer may proceed expeditiously to wind up the affairs of the credit union upon appointment as receiver.

History: *1967 c 51 s 5; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1997 c 157 s 41*

52.065 CLIMATE RISK DISCLOSURE SURVEY.

Subdivision 1. **Requirement.** By July 30 each year, a credit union with more than $1,000,000,000 in assets must submit a completed climate risk disclosure survey to the commissioner. The commissioner must provide the form used to submit a climate risk disclosure survey.

Subd. 2. **Data.** Data submitted to the commissioner under this section are public, except that trade secret information is nonpublic under section 13.37.

History: *2023 c 57 art 3 s 13*

52.07 FISCAL YEAR; MEETINGS; VOTING.

The fiscal year of all credit unions shall end December 31. General and special meetings may be held in the manner and for the purposes indicated in the bylaws. At least ten days before any regular meeting, and at least seven days before any special meeting, written notice shall be given to each member, and in the case of a special meeting, the notice shall clearly state the purpose of the meeting and what matters will be considered thereat. No member shall be eligible to vote at any meeting or to hold any office unless the member owns at least one share of the credit union which is fully paid. At all meetings a member shall have but a single vote, whatever the member's share holdings. Upon resolution of the board of directors, credit union members shall be authorized to vote by mail or other verifiable means for election of directors, credit committee and supervisory members and amendments to bylaws at annual and special meetings. There shall be no voting by proxy. Any firm, society or corporation having a membership in the credit union and entitled to vote may cast its vote by one person upon presentation of written authority of the firm, society or corporation.

History: *(7774-7) 1925 c 206 s 7; 1933 c 346 s 2; 1937 c 213 s 2; 1943 c 20 s 1; 1976 c 176 s 2; 1986 c 444; 2017 c 25 s 1*

52.08 ANNUAL MEETING.

At the annual meeting the credit union shall elect a board of directors of not less than five members and may elect a credit committee of not less than three members, all to hold office for the terms provided in the bylaws and until successors qualify. The credit union must have a supervisory committee. Pursuant to its bylaws, the credit union may elect a supervisory committee of not less than three members nor more than five members, or the board of directors may appoint the supervisory committee. Some or all of the terms of office may be staggered, as provided in the bylaws. A record of the names and addresses of the members of the board and committees and the officers shall be filed with the commissioner of commerce within ten days of their election. A full-time manager of a credit union may be a director of a credit union operating under this chapter.

The organization meeting shall be the first annual meeting.

History: *(7774-8) 1925 c 206 s 8; 1961 c 331 s 5; 1965 c 724 s 1; 1982 c 429 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1988 c 597 s 1; 1991 c 42 s 3*

52.09 DIRECTORS; POWERS AND DUTIES.

Subdivision 1. **Meetings; officers.** At their first meeting, and annually thereafter at the first meeting following the annual meeting of members, the directors shall elect from their own number a president, vice president, and from their own number or otherwise a treasurer, and secretary, of whom the last two named

may be the same individual, and the directors may engage such other employees as may be necessary to properly conduct the business of the credit union.

Subd. 2. **Particular duties.** The directors shall manage the affairs of the credit union and shall:

(1) act on applications for membership. This power may be delegated to a membership chair who serves at the pleasure of the board of directors and is subject to its rules. An application must contain a certification signed by the membership chair or a member of the board showing the basis of membership;

(2) determine interest rates on loans and on deposits. The interest period on deposits may be on a daily, monthly, quarterly, semiannual, or annual basis, and may be paid on all deposits whether or not the deposits have been withdrawn during the interest period. Interest may be computed on a daily basis;

(3) fix the amount of the surety bond required of all officers and employees handling money;

(4) declare dividends and transmit to the members recommended amendments to the bylaws;

(5) fill vacancies in the board and in the credit committee until successors are chosen and qualify at the next annual meeting;

(6) limit the number of shares and deposits which may be owned by a member, not to exceed ten percent of the outstanding shares and deposits, or $2,000, whichever is larger, and the maximum individual loan which can be made with and without security, including liability indirectly as a comaker, guarantor, or endorser to ten percent of outstanding shares and deposits. The ten percent share and deposit limitation is not applicable to the Minnesota corporate credit union, or to credit unions insured by the National Credit Union Administration or an approved credit union share guaranty corporation;

(7) have charge of investments including loans to members. If a credit committee is established pursuant to section 52.08 or clause (13), then the credit committee shall have charge of loans to members;

(8) fix the salaries of the treasurer and other employees, which must be on a fixed monthly or annual basis, in dollars (not percentage);

(9) designate the depository institution in which the funds of the credit union will be deposited;

(10) authorize the officers of the credit union to borrow money from any source, as provided in section 52.15;

(11) with the permission of the commissioner of commerce, suspend any member of the credit committee or supervisory committee if it deems this action necessary to the proper conduct of the credit union, and call the members together to act on the suspension within a reasonable time after the suspension. The members at the meeting may, by majority vote of those present, sustain the suspension and remove the committee members permanently or may reinstate the committee members;

(12) provide financial assistance to the supervisory committee in carrying out its audit responsibilities;

(13) if the bylaws so provide and no credit committee has been elected pursuant to section 52.08, appoint a credit manager or a credit committee of not less than three members; and

(14) establish different classes of shares.

Subd. 3. **Officers, bylaws; compensation.** The duties of the officers shall be as determined in the bylaws, except that the treasurer may be the general manager. No member of the board, the supervisory committee or an elected credit committee shall receive a salary as such, but may be reimbursed for necessary expenses

incurred while serving in such capacity and may be compensated for time actually spent in official duties at an hourly rate as determined by the annual meeting of members. Provision of reasonable health, accident, and similar insurance protection shall not be considered compensation, and is subject to approval by the membership.

Subd. 4. **Officers' titles.** Notwithstanding the other provisions of this chapter, the bylaws may provide that the position of president and vice-president of the directors as set forth in this chapter be designated chair of the board and vice-chair, and if so designated, the position of manager or general manager as set forth in this chapter may be designated president, and one or more vice-presidents may be appointed. If the position of manager or general manager is designated president pursuant to this section, the treasurer may be the president. A change of titles pursuant to this section does not change the powers and duties of the position.

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: *(7774-9) 1925 c 206 s 9; 1937 c 213 s 3; 1945 c 540 s 3; 1955 c 453 s 2; 1961 c 331 s 6; 1963 c 384 s 2,3; 1967 c 301 s 2,3; 1971 c 154 s 6; 1979 c 149 s 2; 1981 c 73 s 2; 1982 c 429 s 3,4; 1983 c 43 s 2; 1983 c 289 s 114 subd 1; 1984 c 512 s 4; 1984 c 655 art 1 s 92; 1986 c 444; 1987 c 349 art 1 s 29; 1989 c 304 s 130; 1991 c 42 s 4; 2002 c 339 s 7; 2026 c 56 s 7; 2026 c 88 art 1 s 9*

52.10 CREDIT COMMITTEE; CREDIT MANAGER; POWERS.

Subdivision 1. **Authority of credit committee.** The credit committee shall have the general supervision of all loans to members as provided herein. Applications for loans shall be on a form prepared by the credit committee, shall set forth the purpose for which the loan is desired, the security, if any, offered and such other data as may be required. Within the meaning of this section, an assignment of shares or deposits or the endorsement of a note may be deemed security. Except where the credit committee approves the extension of a self-replenishing line of credit pursuant to section 52.16, subdivision 2, at least a majority of the members of the credit committee shall pass on all loans and approval must be in writing and by unanimous vote of the members present. The credit committee shall meet as often as may be necessary after due notice to each member of the committee. In the case of any credit union having total assets in excess of $10,000, the board of directors may authorize the credit committee to appoint one or more loan officers. Loan officers, subject to the supervision of the committee, may be delegated authority by the credit committee to act on all or some applications for loans and to approve them, reporting thereon to the credit committee at their next meeting or within 15 days. The credit committee and the board of directors, meeting jointly and acting collectively as a whole, shall have the general supervision of all loans to a member who is a director, officer, or a member of the credit or supervisory committee whenever the application exceeds the amount of the member's holdings in shares and deposits. Application for these loans shall be in similar form as may be required to be furnished to the credit committee for a loan in the case of any other member. At least a majority of the members of

the credit committee and of the board of directors at a joint meeting and acting collectively as a whole, shall pass on all such loans in the absence of the applicant, and the approval of the loan must be in writing and by unanimous vote of all members present. The credit committee and the board of directors shall meet for this purpose as often as may be necessary after due notice to each member of the board and credit committee.

Subd. 2. **Authority of credit manager.** If a credit manager is appointed, the board shall have the powers and responsibilities described in subdivision 1 for a credit committee. The board may delegate in writing any or all of these powers and responsibilities to a credit manager.

History: *(7774-10) 1925 c 206 s 10; 1943 c 647 s 2; 1945 c 540 s 4; 1955 c 453 s 3; 1967 c 301 s 4; 1978 c 663 s 1; 1982 c 429 s 5*

52.11 SUPERVISORY COMMITTEE; DUTIES.

The supervisory committee shall:

(1) make an examination of the affairs of the credit union at least semiannually, in June and December, including an audit of its books and, in the event the committee feels such action to be necessary, it shall call the members together thereafter and submit to them its report;

(2) make an annual report of its audits and submit the same at the annual meeting of the members; and

(3) by unanimous vote, if it deems such action to be necessary to the proper conduct of the credit union, suspend any officer, director, or member of committee, and call the members together to act on the suspension. The members at the meeting may, by majority vote of those present, sustain the suspension and remove an officer permanently, or may reinstate the officer.

By majority vote, the supervisory committee may call a special meeting of the members to consider any matter submitted to it by the committee. The committee shall fill vacancies in its own membership until successors are chosen and qualify at the next annual meeting.

History: *(7774-11) 1925 c 206 s 11; 1937 c 213 s 4*

52.12 CAPITAL; ENTRANCE FEES; CREDIT UNION TO HAVE LIEN.

The capital of a credit union includes shares, share certificates, any special class of shares, undivided earnings, reserves, member investment shares, nonmember subordinated debt, member paid-in capital, and any entrance or membership fees. The credit union shall have a lien on the shares and deposits of a member for any sum due to the credit union from the member, or for any loan endorsed by that member. In addition to any other statutory right of setoff or lien and subject to any contractual provision, if any party to an account is indebted to a credit union, the credit union has a right to setoff against any account in which the party has or had immediately before death a present right of withdrawal. A credit union may, at its discretion, charge an entrance or annual membership fee if authorized by the bylaws.

History: *(7774-12) 1925 c 206 s 12; 1971 c 154 s 7; 1984 c 512 s 5; 1986 c 444; 1993 c 257 s 32; 2002 c 339 s 8*

52.13 DEPOSITS IN NAME OF MINOR.

Any deposit made in the name of a minor, or shares issued in a minor's name, shall be held for the exclusive right and benefit of the minor, free from the control or lien of all other persons except creditors, and together with the dividends or interest thereon shall be paid to the minor; and the minor's receipt, check, or acquittance in any form shall be a sufficient release and discharge of the depository for the deposits or

shares, or any part thereof, until a conservator or guardian appointed for the minor shall have delivered a certificate of appointment to the depository. Deposits may be accepted pursuant to the authority set forth in chapter 527, provided that either the custodian or the minor is a member of the credit union accepting the deposit.

History: *(7774-13) 1925 c 206 s 13; 1949 c 88 s 6; 1961 c 331 s 7; 1985 c 292 s 6; 1997 c 157 s 42*

52.131 MULTIPARTY ACCOUNTS.

When any deposit is made in the names of two or more persons jointly, or by any person payable on death (P.O.D.) to another, or by any person in trust for another, the rights of the parties and the financial institution are determined by chapter 524.

History: *1985 c 292 s 7; 1996 c 414 art 1 s 21*

52.135 [Repealed, 1982 c 473 s 30]

52.136 [Repealed, 1982 c 473 s 30]

52.137 INDIVIDUAL RETIREMENT ACCOUNTS.

Notwithstanding sections 52.04, subdivision 1, clause (1), and 52.05, a credit union may receive payment as deposits to establish an individual retirement account for the spouse of a blood or adoptive relative of a regularly qualified member if the blood or adoptive relative is a member of the credit union.

History: *1994 c 382 s 9*

52.14 INTEREST ON LOANS.

Subdivision 1. [Repealed, 1982 c 494 s 5]

Subd. 2. **Maximum allowable rate.** Interest rates on unpaid balances of loans made by a credit union shall not exceed one percent a month or the rate of interest authorized by section 48.195, whichever is greater at the time the loan is made. If the rate of interest charged is permitted by section 48.195 at the time the loan is made, the rate does not later become usurious because of a fluctuation in the federal discount rate.

History: *(7774-14) 1925 c 206 s 14; 1980 c 522 s 3; 1982 c 494 s 4*

52.141 LOAN EXPENSES.

In addition to the interest charged on loans, the borrowing member may be required to pay all reasonable expenses incurred in connection with the making, closing, disbursing, extending, readjusting, or renewing of personal or real estate loans. The commissioner of commerce may prescribe by rule which of said expenses may be charged to the member and may further prescribe maximum amounts which may be charged.

History: *1967 c 301 s 5; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1985 c 248 s 70*

52.15 BORROWING; LIMITATION.

Subdivision 1. **Fifty percent of unimpaired assets.** A credit union may borrow from any source, or sources, sums not exceeding in the aggregate 50 percent of its unimpaired assets. For the purposes of this subdivision, "unimpaired assets" mean total assets less borrowings, including all forms of indebtedness, accounts payable, and any amount by which reserves and undivided earnings will not be adequate to meet the reserve requirements caused by classified assets.

Subd. 2. **More borrowing for liquidity needs.** Notwithstanding the provisions of subdivision 1, a credit union, with the prior written approval of the commissioner of commerce, may borrow additional sums to meet its liquidity needs. For purposes of this subdivision, "liquidity needs" means the needs of a credit union for:

(a) short-term adjustment credit to cushion deposit or share outflows pending an orderly adjustment of assets and liabilities;

(b) seasonal needs arising from a combination of expected patterns of movement in share and deposit accounts and loans; and

(c) protracted adjustment needs in the event of unusual or emergency circumstances of a longer-term nature resulting from national, regional or local difficulties. Applications for written approval shall include the specific dollar amount or increase in the aggregate percentage with respect to unimpaired assets that may be borrowed by the credit union and the period of time the additional borrowed sums will be needed. The commissioner's approval must state the specific dollar amount or increase in the aggregate percentage being approved and the period of time for which the approval is effective.

History: *(7774-15) 1925 c 206 s 15; 1943 c 647 s 3; 1961 c 331 s 13; 1979 c 149 s 3; 1983 c 43 s 3,4; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 2002 c 339 s 9*

52.16 LENDING; CONDITIONS.

Subdivision 1. **Purposes; repayment; loans involving officers.** A credit union may loan to members. Loans must be for a provident or productive purpose and are made subject to the conditions contained in the bylaws. A borrower may repay a loan, in whole or in part, any day the office of the credit union is open for business. Except for loans secured by first real estate mortgages on homes owned and occupied, of the character made to other members, no director, officer, or member of the credit or supervisory committee may become liable, as a borrower or endorser for other borrowers, or both, to the credit union in which that person holds office, beyond the amount of the person's holdings in shares and deposits therein, unless the loan shall have been approved in the manner provided by section 52.10.

Subd. 2. **Self-replenishing line of credit.** Upon application by a member, the credit committee may approve in advance a self-replenishing line of credit, and advances may be granted to a member within the limit of the extension of credit. Where a self-replenishing line of credit has been approved, additional loan applications may be required.

History: *(7774-16) 1925 c 206 s 16; 1943 c 647 s 4; 1978 c 663 s 2; 1986 c 444*

52.165 GRADUATED PAYMENT HOME LOAN.

Subdivision 1. **Definition.** As used in this section, "graduated payment home loan" means a real estate loan made pursuant to section 52.16, whereunder initial periodic repayments are lower than those under the standard real estate loan having equal periodic repayments, and gradually rise to a predetermined point after which they remain constant.

Subd. 2. **Authorization.** Notwithstanding the provisions of section 334.01, subdivision 1, and subject to the provisions of section 47.201, subdivisions 4 to 6, a credit union may make graduated payment home loans and purchases representing graduated payment home loans pursuant to such rules as the commissioner of commerce finds to be necessary and proper, if any, at an interest rate not in excess of the rate prescribed in section 52.14. Notwithstanding the provisions of section 334.01, subdivision 1, where initial repayments of a graduated payment home loan are less than the total accrued outstanding interest, the excess accrued

and unpaid interest may be added to the outstanding loan balance on which interest accrues at the contracted rate.

History: *1979 c 239 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92*

52.17 RESERVE FUND.

Subdivision 1. [Repealed, 2002 c 342 s 11]

Subd. 2. **Required liquidity.** Every credit union shall maintain a reserve in the form of liquid assets at a level reasonably necessary to meet anticipated withdrawals, commitments, and loan demand. Reserves must be in cash and balances due from solvent banks or which may be, in whole or in part, in short term obligations guaranteed as to principal and interest by the United States government or in certificates of deposit of a federally insured bank or in a passbook or other account in a federally insured savings association or in balances due from the Minnesota Corporate Credit Union or ICU Services Corporation or United States Central Credit Union. The commissioner of commerce may prescribe the required amount of reserves for any individual credit union from time to time based upon examination findings or other reports relating to the credit union that are available to the commissioner. Reserves for an individual credit union as prescribed by the commissioner pursuant to this section shall be enforced in accordance with sections 46.24 and 46.30 to 46.33.

History: *(7774-17) 1925 c 206 s 17; 1933 c 346 s 3; 1937 c 213 s 5; 1971 c 154 s 8; 1973 c 740 s 5; 1975 c 394 s 2; 1978 c 642 s 1; 1980 c 492 s 1; 1981 c 182 s 5; 1982 c 424 s 130; 1983 c 43 s 5; 1983 c 289 s 114 subd 1; 1984 c 512 s 6; 1984 c 655 art 1 s 92; 1989 c 127 s 2; 1995 c 202 art 1 s 25; 1997 c 187 art 3 s 11*

52.18 DIVIDENDS.

The directors of a credit union may, on a daily, monthly, quarterly, semiannual, or annual basis as its board of directors may determine, declare and pay a dividend from net earnings or accumulated net undivided profits remaining after statutory reserve has been set aside, which dividend may be paid on all shares whether or not they have been withdrawn during the dividend period. Dividends may be computed on a daily basis. The board of directors may classify its share accounts according to character, amount and duration and declare dividends which may be at variable rates with due regard to the conditions that pertain to each class of shares, or pay no dividend at all. A dividend shall be uniform within a classification. Shares which become fully paid up during a dividend period shall be entitled to a proportional part of the dividend calculated from the first day of the month following the payment in full. For the purpose of this section, shares which become fully paid up by the 15th day of any month may be treated as being paid up from the first day of the month.

History: *(7774-18) 1925 c 206 s 18; 1937 c 213 s 6; 1961 c 331 s 8; 1967 c 301 s 6; 1971 c 154 s 9; 1973 c 740 s 6; 1976 c 176 s 3; 1984 c 512 s 7; 1987 c 349 art 1 s 30*

52.19 EXPULSION OR WITHDRAWAL OF MEMBERS.

Subdivision 1. **General regulation.** A member may be expelled by a two-thirds vote of the members present at a special meeting called to consider the matter, but only after a hearing. A member may also be expelled by the board of directors in accordance with a procedure and policy under subdivision 2. Any member may withdraw from the credit union at any time, but notice of withdrawal may be required. All amounts paid on shares or as deposits of an expelled or withdrawing member, with any dividends or interest accredited thereto, to the date thereof, shall, as funds become available and after deducting all amounts due from the member to the credit union and an amount as necessary to honor outstanding share drafts drawn against the accounts of the member, be paid to the member. The credit union may require 60 days' notice

of intention to withdraw shares and 30 days' notice of intention to withdraw deposits, except that a credit union shall not at any time require notice of withdrawal of funds subject to withdrawal by share drafts. Withdrawing or expelled members shall have no further right in the credit union, but are not, by the expulsion or withdrawal, released from any remaining liability to the credit union.

Subd. 2. **Board procedure and policy.** (a) The board of directors may adopt a procedure and policy for expulsion of members for cause and for nonparticipation in the affairs of the credit union. The nonparticipation policy must be based on failure to purchase and maintain at least one credit union share or to pay entrance or membership fees, if any.

(b) For the purposes of this section, "cause" includes a loss to the credit union, a violation of the membership agreement, fraud, attempted fraud, other illegal behavior or inappropriate behavior as defined by credit union policy such as physical or verbal abuse of credit union members or staff.

(c) If adopted, written notice of the procedure and policy and their effective date shall be delivered not less than 30 days before their effective date to each member of the credit union at the member's address on the credit union records. Each new member shall be provided written notice of the procedure and policy before or upon applying for membership.

History: *(7774-19) 1925 c 206 s 19; 1981 c 316 s 2; 1986 c 444; 1988 c 597 s 2; 2002 c 339 s 10; 2018 c 110 s 2*

52.191 INACTIVE ACCOUNTS.

Whenever a member's share or deposit balance is less than $25 and the member has not transacted any business with the credit union for a period of at least three years, the board of directors, after giving 30 days' written notice by certified mail to the last known address of the member, may transfer the balance to the operating reserve fund of the credit union. Thereafter, subject to the law governing abandoned funds, the member may recover the funds in the account at the time of the transfer by making application to the credit union for such funds, but the credit union shall have no obligation to the member for the payment of dividends or interest on the funds after the transfer to the operating reserve.

History: *1969 c 453 s 1; 1994 c 382 s 10*

52.20 VOLUNTARY DISSOLUTION.

Subdivision 1. **Special meeting; liquidation committee.** A credit union may be voluntarily liquidated after two-thirds of the members present and entitled to vote shall have voted such liquidation at a special meeting called by a majority of the board of directors for that purpose, upon 14 days mailed written notice to each member at the member's 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. By a majority vote of the members present and entitled to vote at the meeting, a committee of three members shall be elected to liquidate the credit union.

Vacancies in this committee shall be filled by the remaining members of the committee, acting jointly with the board of directors serving at the time of the vote for liquidation, or by and with the approval of any ten or more shareholders. In case the remaining members of the committee or a majority of said board of directors shall notify the commissioner of commerce that a vacancy can not be filled in the manner therein provided, the commissioner shall have authority to fill the vacancy from the membership of the credit union as it existed at the time of the vote for liquidation.

Subd. 2. **Recording documents; commissioner's approval; bond.** Immediately after this meeting and before the committee shall proceed with the liquidation, the officers of the credit union shall file with the commissioner of commerce a certified copy of the minutes of this meeting, a written statement outlining the plan of liquidation, and a verified statement, in writing, signed by a majority of the officers, consenting to this liquidation containing the names and addresses of all officers and directors of the credit union. After the commissioner of commerce shall, by proper examination, determine that the credit union is solvent, the commissioner shall, within 60 days, issue a certificate of approval of the liquidation, which certificate shall be recorded with the county recorder in the county where the credit union is located. A "solvent" credit union is one which is able to pay all of its debts and deposits. From and after this special meeting the credit union shall cease to do business except for purposes of liquidation. Before commencing the liquidation the committee shall execute and file with the commissioner of commerce a bond running to the state of Minnesota for the benefit of the members and creditors of the credit union in such amount and with such sureties and in such form as shall be approved by the commissioner of commerce, conditioned for the faithful performance of all duties of its trust. A bond may be waived in case of a bulk sale of assets to one or more purchasers upon terms approved by the commissioner of commerce. Such purchasers may include other credit unions or an association of credit unions.

Subd. 3. **Time of dissolution.** Upon recording this certificate with the county recorder, the credit union shall be deemed dissolved and its corporate existence terminated except for the purpose of discharging its debts, collecting and distributing its assets, and doing all other acts required in order to liquidate. The credit union shall have a corporate existence and may sue and be sued.

Subd. 4. **Commissioner's intervention.** If the credit union shall not be completely liquidated and its assets discharged within three years after the special meeting of the members, the commissioner of commerce may take possession of the books, records and assets and proceed to complete liquidation. If the commissioner determines after one year from the commencement of liquidation proceedings that the liquidation is not proceeding in a reasonable and expeditious manner under all of the circumstances, the commissioner may take possession of the books, records, and assets and appoint a liquidating agent who shall give a bond running to the state of Minnesota.

Subd. 5. **Unclaimed dividends.** Funds representing unclaimed dividends in liquidation in the hands of the liquidating committee or the commissioner of commerce for six months after date of final dividend, shall be deposited with the commissioner of management and budget, who shall, within one year thereafter, pay over the money so held to the persons respectively entitled thereto upon being furnished satisfactory evidence of their right to the same, and at the end of that year the commissioner of management and budget shall credit all residue of the deposit to the general fund.

There is hereby appropriated to the persons entitled to such amounts, from the funds or accounts in the state treasury to which the money was credited, an amount sufficient to make the payment.

Subd. 6. **Final statement.** Upon completion of the liquidation by the liquidating committee, it shall file with the commissioner of commerce a verified statement in writing signed by the members of the committee stating that all debts of the credit union, and all deposits, and all shares, or portions of shares which can be paid from the liquidation proceeds, have been paid, except any unclaimed dividends, and if any such, the amount thereof, the names of the persons entitled thereto, with their last known addresses, and all books and papers of the credit union shall thereupon be deposited with the commissioner of commerce.

History: *(7774-20) 1925 c 206 s 20; 1933 c 346 s 4; 1937 c 213 s 7; 1943 c 20 s 2; 1959 c 158 s 5; 1961 c 331 s 9; 1967 c 301 s 7-9; 1969 c 399 s 1; 1971 c 154 s 10; 1976 c 181 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 2003 c 112 art 2 s 50; 2005 c 4 s 4,5; 2009 c 101 art 2 s 109*

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, upon the affirmative vote of a majority of the members who vote on the proposal, a quorum being present, at a regular or special meeting upon at least seven but not more than 30 days' written notice to each member 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.

History: *1941 c 510 s 1; 1961 c 331 s 10; 1971 c 154 s 11; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1997 c 157 s 43; 2019 c 20 s 1*

52.202 DIRECTORS MAY EXECUTE CERTIFICATES.

When any state credit union authorized to dissolve has taken the necessary steps for that purpose, pursuant to section 52.20, excepting the necessity for the appointment of a liquidating committee and filing a bond, the number of its members required by federal law may execute a certificate of incorporation under the provisions of the Federal Credit Union Act, which federal credit union shall be regarded as continuing the existence of the state credit union. Upon approval of the conversion by the federal regulatory agency and upon recording of such certificates as required by law the state credit union shall be fully dissolved. Any officer of the state credit union, or member of supervisory and credit committees, elected to a corresponding office in the federal credit union shall be regarded as holding over such office from the state credit union to the federal credit union.

History: *1941 c 510 s 2; 1961 c 331 s 11*

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 a majority of its members 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 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 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.

History: *1961 c 331 s 12; 1967 c 63 s 1; 1971 c 154 s 12; 1976 c 181 s 2; 1977 c 16 s 1; 1983 c 250 s 18; 1984 c 576 s 18; 1986 c 444; 2019 c 20 s 2*

52.21 CHANGE OF PLACE OF BUSINESS.

A credit union may change its place of business within this state only with the written consent of the commissioner of commerce. The commissioner of commerce shall consent, or give notice to the credit union of failure to consent, within 60 days of the date the request for a change of place of business is submitted.

History: *(7774-21) 1925 c 206 s 21; 1931 c 213 s 8; 1971 c 154 s 13; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444*

52.211 STUDENT EDUCATION PROGRAMS.

A credit union is allowed to establish part-time deposit-taking locations at elementary and secondary schools provided that the locations are established in connection with student education programs approved by the school administration and consistent with safe and sound financial institution practices. For purposes of this section, students do not need to be members of the credit union to participate, and the students' parents are not eligible to become members solely by reason of their child's participation.

History: *1995 c 202 art 2 s 20*

52.212 SENIOR CITIZEN LOCATIONS.

In addition to its primary member location, a credit union may operate part-time locations in nursing homes and senior citizen housing facilities if they are operated in a manner consistent with safe and sound practices.

History: *1999 c 151 s 27*

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

52.23 [Obsolete]

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 through a credit union share guaranty corporation that is approved by the commissioner. A credit union that fails to meet this requirement for insurance of its share and deposit accounts shall either dissolve or merge with another credit union that is insured under title II of the National Credit Union Act or through a credit union share guaranty corporation that is approved by the commissioner.

Subd. 1a. **Credit union share guaranty corporation; accounts insured.** (a) A credit union share account of an individual member or a nonmember of a participating credit union must be guaranteed in an amount established from time to time by the credit union share guaranty corporation. The primary guaranteed amount must be at least the amount of the credit union share account but must not exceed $250,000 or the primary guaranteed amount insured by the National Credit Union Administration, whichever is greater.

(b) The commissioner may examine a credit union share guaranty corporation that insures the member accounts of a credit union that is subject to this section. The commissioner may assess the credit union share guaranty corporation examined for reasonable costs incurred to conduct an examination under this section. Money received from an assessment under this paragraph must be deposited in the financial institutions account in the special revenue fund.

(c) A credit union is prohibited from voluntarily terminating the credit union's insurance with the National Credit Union Administration Share Insurance Program or a credit union share guaranty corporation without receiving approval from the commissioner.

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 an approved credit union share guaranty corporation.

Subd. 3. **Exclusion.** Notwithstanding the provisions of subdivisions 1 and 2, any one share of a member, as designated in the bylaws of the credit union, may be excluded from the requirement for insurance. At the time a share so designated as an uninsured, nonwithdrawable membership share is subscribed to, the person subscribing will be provided the following separate notification printed in not less than the equivalent of 8-point type, 0.075 inch computer type, or elite-sized typewriter numerals, or shall be legibly handwritten:

"Membership shares are not insured by any state or federal agency and may be used to pay the expenses and losses of the credit union in the event all other available reserves have been depleted."

History: *1976 c 219 s 3; 1982 c 473 s 19; 1983 c 289 s 114 subd 1; 1984 c 512 s 8; 1984 c 655 art 1 s 92; 1Sp1985 c 13 s 186,187; 1989 c 127 s 3,4; 1992 c 587 art 1 s 19; 1994 c 382 s 11; 2026 c 56 s 8-10*

52.25 VIRTUAL-CURRENCY CUSTODY SERVICES.

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Control of virtual currency" or "control" has the meaning given in section 53B.69, subdivision 2.

(c) "Virtual currency" has the meaning given in section 53B.69, subdivision 6.

(d) "Virtual-currency custody services" means safekeeping, controlling, or managing virtual currency, or the cryptographic private keys used to access virtual currency, on behalf of another person.

Subd. 2. **Authority.** A credit union may provide virtual-currency custody services to the credit union's members in a nonfiduciary capacity, subject to this section and applicable state and federal law.

Subd. 3. **Safety and soundness.** A credit union that engages in virtual-currency custody services must conduct the activity in a safe and sound manner and must maintain written policies and procedures governing risk management, internal controls, cybersecurity, business continuity, and compliance.

Subd. 4. **Notice to commissioner.** A credit union must provide written notice to the commissioner at least 60 days before commencing virtual-currency custody services. The notice must describe the nature of the services and the credit union's risk management framework.

Subd. 5. **Custodial capacity.** (a) A credit union may provide virtual-currency custody services in a custodial capacity, including as agent, bailee, or trustee for the limited purpose of safekeeping or administration of virtual currency, to the same extent the credit union may lawfully hold or safeguard other assets for members or customers.

(b) The commissioner may limit or condition the authority to provide virtual-currency custody services under paragraph (a) only if the commissioner determines the activity is conducted in an unsafe or unsound manner.

Subd. 6. **Segregation of assets.** A credit union must structure virtual-currency custody services to ensure that customer virtual currency and associated control mechanisms are legally and operationally segregated from the credit union's assets and are not treated as the credit union's property, consistent with the segregation of assets held in other custodial capacities and the concept of control of controllable electronic records under sections 336.12-101 to 336.12-107.

Subd. 7. **Third-party service providers.** A credit union may engage one or more qualified third-party service providers or subcustodians to facilitate virtual-currency custody services, provided the credit union retains oversight responsibility and ensures compliance with this section.

Subd. 8. **Supervision and examination.** A credit union's virtual-currency custody services are subject to examination by the commissioner as part of the regular supervisory process.

Subd. 9. **Construction.** This section does not (1) authorize a credit union to engage in activities otherwise prohibited by law, or (2) alter the legal characterization of virtual currency under state or federal law.

History: *2026 c 93 s 2*