CHAPTER 51A

SAVINGS ASSOCIATIONS

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51A.01 CITATION.

Sections 51A.01 to 51A.58 may be cited as the "Savings Association Act."

History: *1969 c 490 s 1; 1989 c 217 s 1; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.02 DEFINITIONS.

Subdivision 1. **Scope.** When used in sections 51A.01 to 51A.57, the words and phrases defined in this section have the meanings given them, except to the extent that any such word or phrase specifically is qualified by its context.

Subd. 2. MS 1986 [Renumbered subd 7]

Subd. 2. **Affiliate.** "Affiliate" means a person or organization controlled by, controlling, or under common control with another person or organization.

Subd. 2a. MS 1986 [Renumbered subd 10]

Subd. 3. MS 1986 [Renumbered subd 13]

Subd. 3. **Agreement.** "Agreement" means the bargain of the parties in fact as found in their contract language or by implication from other circumstances including course of dealings, usage of trade, or course of performance.

Subd. 4. MS 1986 [Repealed by amendment, 1988 c 666 s 2]

Subd. 4. **Agricultural purpose.** "Agricultural purpose" means a purpose relating to the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products. "Agricultural products" includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, fish and shellfish, and their products, including processed and manufactured products, and products raised or produced on farms, including processed or manufactured products.

Subd. 4a. MS 1986 [Repealed by amendment, 1988 c 666 s 2]

Subd. 5. MS 1986 [Renumbered subd 23]

Subd. 5. **Amount financed.** "Amount financed" has the meaning given the term in the Code of Federal Regulations, title 12, part 226.

Subd. 6. MS 1986 [Renumbered subd 24]

Subd. 6. **Annual percentage rate.** "Annual percentage rate" has the meaning given the term in the Code of Federal Regulations, title 12, part 226, but using the definition of "finance charge" used in this section.

Subd. 7. **Association.** "Association" means a mutual or capital stock savings association or savings association chartered under the provisions of sections 51A.01 to 51A.57.

Subd. 8. **Branch office.** "Branch office" means an office other than the home office at which deposit accounts are opened and loans are made.

Subd. 9. MS 1986 [Renumbered subd 30]

Subd. 9. **Business purpose.** "Business purpose" means a purpose other than personal, family, household, or agricultural purpose.

Subd. 10. MS 1986 [Renumbered subd 31]

Subd. 10. **Capital stock.** "Capital stock" means the aggregate of shares of nonwithdrawable capital issued by a capital stock association, but does not include nonwithdrawable capital represented by capital certificates.

Subd. 11. MS 1986 [Renumbered subd 32]

Subd. 11. **Card issuer.** "Card issuer" means a person who provides credit by issuing a credit card.

Subd. 12. MS 1986 [Renumbered subd 34]

Subd. 12. **Cardholder.** "Cardholder" means a person to whom a credit card is issued or who has agreed with the card issuer to pay obligations arising from the issuance to or use of the card by another person.

Subd. 13. MS 1986 [Renumbered subd 36]

Subd. 13. **Commissioner.** "Commissioner" means the commissioner of commerce of the state of Minnesota.

Subd. 14. MS 1986 [Renumbered subd 38]

Subd. 14. **Conditional sale contract.** "Conditional sale contract" or "credit sale contract" means a contract evidencing a sale on credit.

Subd. 15. **Conspicuous.** "Conspicuous" means, in reference to a term or clause, that it is written so that a reasonable person against whom it is to operate ought to have noticed it.

Subd. 16. MS 1986 [Repealed by amendment, 1988 c 666 s 2]

Subd. 16. **Consumer.** "Consumer" means the debtor to whom credit is granted in a consumer loan.

Subd. 17. MS 1986 [Renumbered subd 46]

Subd. 17. **Consumer loan.** "Consumer loan" means a loan made by an association in which:

(1) the debtor is a person other than an organization;

(2) the debt is incurred primarily for a personal, family, household, or agricultural purpose; and

(3) the debt is payable in installments or a finance charge is made.

Subd. 18. MS 1986 [Renumbered subd 47]

Subd. 18. **Credit.** "Credit" means the right granted by an association to a borrower to defer payment of debt, to incur debt and defer its payment, or to purchase property or services and defer payment.

Subd. 19. MS 1986 [Renumbered subd 48]

Subd. 19. **Credit card.** "Credit card" means a card or device issued under an arrangement pursuant to which a card issuer gives to a cardholder the privilege of obtaining credit from the card issuer or other person in purchasing or leasing property or services, obtaining loans, or otherwise. A transaction is "pursuant to a credit card" only if credit is obtained according to the terms of the arrangement by transmitting information contained on the card or device orally, in writing, by mechanical or electronic methods, or in any other manner. A transaction is not "pursuant to a credit card" if the card or device is used solely in that transaction to:

(1) identify the cardholder or evidence the cardholder's creditworthiness and credit is not obtained according to the terms of the arrangement;

(2) obtain a guarantee of payment from the cardholder's deposit account, whether or not the payment results in a credit extension to the cardholder by the card issuer; or

(3) effect an immediate transfer of funds from the cardholder's deposit account by electronic or other means, whether or not the transfer results in a credit extension to the cardholder by the card issuer.

Subd. 20. MS 1986 [Renumbered subd 49]

Subd. 20. **Credit sale.** "Credit sale" means a sale of goods, services, or an interest in land in which:

(1) credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind; and

(2) the debt is payable in installments or a finance charge is made.

Subd. 21. MS 1986 [Renumbered subd 50]

Subd. 21. **Demand deposit account.** "Demand deposit account" has the meaning given the term in the Code of Federal Regulations, title 12, part 204.

Subd. 22. MS 1986 [Renumbered subd 51]

Subd. 22. **Deposit account.** "Deposit account" means funds deposited with an association in the form of a savings account, time deposit account, NOW account, demand deposit account, or treasury and tax loan account.

Subd. 22a. MS 1986 [Renumbered subd 52]

Subd. 22b. MS 1986 [Renumbered subd 53]

Subd. 23. MS 1986 [Renumbered subd 54]

Subd. 23. **Dwelling unit.** "Dwelling unit" means a single, unified combination of rooms designed for residential use by one family in a multiple dwelling unit structure, and which is not "home property."

Subd. 24. MS 1986 [Repealed by amendment, 1988 c 666 s 2]

Subd. 24. **Earnings.** "Earnings" means that part of the sources available for payment of earnings of an association which is declared payable on savings accounts from time to time by the board of directors, and is the cost of savings money to the association. Earnings also may be referred to as "interest" or "dividends."

Subd. 25. MS 1986 [Renumbered subd 56]

Subd. 25. **Federal association.** "Federal association" means an association or savings bank with its home office in this state and chartered under the federal Home Owners' Loan Act of 1933, United States Code, title 12, sections 1461 to 1470.

Subd. 26. **Finance charge.** "Finance charge" has the meaning given the term in the Code of Federal Regulations, title 12, part 226, except that the following will not in any event be considered a finance charge:

(1) a charge as a result of default or delinquency under section 47.59 if made for actual unanticipated late payment, delinquency, default, or other similar occurrence, and a charge for an extension or deferment under section 47.59, unless the parties agree that these charges are finance charges;

(2) any additional charge under section 47.59, subdivision 6; or

(3) a discount, if an association purchases a contract evidencing a credit sale or loan at less than the face amount of the obligation or purchases or satisfies obligations of a cardholder pursuant to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation.

Subd. 27. **Financial institution.** "Financial institution" means a savings association, commercial bank, trust company, credit union, or industrial loan and thrift company.

Subd. 28. **Home office.** "Home office" means the office of the association designated by it as its principal office.

Subd. 29. **Home property.** "Home property" means real estate on which there is located, or will be located pursuant to a real estate loan, either a structure designed for residential use by one family or a unit in a residential common interest community, including all elements pertinent thereto, designed for residential use by one family in a multiple dwelling unit structure or complex, and includes fixtures, furnishings and equipment.

Subd. 30. **Impaired condition.** "Impaired condition" means a condition in which, based upon accepted examination practices, the assets of an association do not have an aggregate value equal to the aggregate amount of liabilities of the association to its creditors, including its members and all other persons.

Subd. 31. **Improved real estate.** "Improved real estate" means real estate on which there is a structure or an enclosure, or which is reclaimed, prepared as building lots or sites, or otherwise occupied, made better, more useful, or of greater value by care so as to provide an enjoyment thereof.

Subd. 32. **Insured association.** "Insured association" means an association the deposit accounts of which are insured wholly or in part in accordance with the provisions of sections 51A.01 to 51A.57.

Subd. 33. **Lender credit card.** "Lender credit card" means a credit card issued by an association or federal association.

Subd. 34. **Liquid assets.** "Liquid assets" means cash on hand; cash on deposit in federal home loan banks, state banks performing similar reserve functions, commercial banks, or insured associations or federal associations, which is withdrawable upon not more than 30 days' notice and which is not pledged as security for indebtedness, except that any deposits in a bank under the control or in the possession of any supervisory authority shall not be considered as liquid assets; and obligations of the United States, or such government guaranteed obligations as are approved by the Federal Savings and Loan Insurance Corporation.

Subd. 35. **Loan.** (a) Except as provided in paragraph (b), "loan" includes:

(1) the creation of debt by the association's or federal association's payment of or agreement to pay money to the borrower or to a third person for the account of the borrower;

(2) the creation of debt pursuant to a lender credit card in any manner, including a cash advance or the card issuer's honoring a draft or similar order for the payment of money drawn or accepted by the borrower, paying or agreeing to pay the borrower's obligation, or purchasing or otherwise acquiring the borrower's obligation from the obligee or the borrower's assignee;

(3) the creation of debt by a cash advance to a borrower pursuant to an overdraft line of credit arrangement;

(4) the creation of debt by a credit to an account with the lender upon which the borrower is entitled to draw immediately;

(5) the forbearance of debt arising from a loan; and

(6) the creation of debt pursuant to open-end credit.

(b) "Loan" does not include the forbearance of debt arising from a sale or lease.

Subd. 36. **Member.** "Member" means a person holding a deposit account of a mutual association, and a person borrowing from or assuming or obligated upon a loan or interest therein held by a mutual association, or purchasing property securing a loan or interest held by a mutual association, and any other person obligated to a mutual association. A joint and survivorship relationship, whether of savers or borrowers, constitutes a single membership.

Subd. 37. **Money market deposit account.** "Money market deposit account" has the meaning given the term in the Code of Federal Regulations, title 12, part 561.

Subd. 38. **Net income.** "Net income" means gross revenues for an accounting period less all expenses paid or incurred, taxes, and losses sustained as shall not have been charged to reserves pursuant to the provisions of sections 51A.01 to 51A.57.

Subd. 39. **NOW account.** "NOW account" has the meaning given the term in the Code of Federal Regulations, title 12, part 561.

Subd. 40. **Official fees.** "Official fees" means:

(1) fees and charges which actually are or will be paid to public officials for determining the existence of or for perfecting, releasing, terminating, or satisfying a security interest or mortgage related to a loan or credit sale, and any separate fees or charges that actually are or will be paid to public officials for recording a notice described in section 580.032, subdivision 1; and

(2) premiums payable for insurance in lieu of perfecting a security interest or mortgage otherwise required by an association in connection with a loan or credit sale, if the premium does not exceed the fees and charges described in clause (1) which would otherwise be payable.

Subd. 41. **One borrower.** "One borrower" means (1) any person or entity which is, or which upon the making of a loan will become, obligor on a real estate loan, (2) nominees of such obligor, (3) all persons, trusts, partnerships, syndicates, and corporations of which such obligor is a nominee or a beneficiary, partner, member, or record or beneficial stockholder owning ten percent or more of the capital stock, and (4) if such obligor is a trust, partnership, syndicate, or corporation, all trusts, partnerships, syndicates, and corporations of which any beneficiary, partner, member, or record or beneficial stockholder owning ten percent or more of the capital stock, is also a beneficiary, partner, member, or record or beneficial stockholder owning ten percent or more of the capital stock of such obligor.

Subd. 42. **Open-end credit.** "Open-end credit" means an arrangement pursuant to which:

(1) an association may permit a borrower, from time to time, to obtain loans, including but not limited to an overdraft checking line of credit arrangement, a secured or unsecured line of credit agreement, or a credit card line of credit;

(2) the amounts financed and the finance and other appropriate charges are debited to an account; and

(3) the finance charge, if made, is computed on the account periodically.

Subd. 43. **Organization.** "Organization" means a corporation, government or governmental subdivision or agency, trust, estate, partnership, joint venture, cooperative, limited liability company, or association.

Subd. 44. **Payable in installments.** "Payable in installments" means that payment is required or permitted by agreement to be made in more than four periodic payments. If any periodic payment under an agreement requiring or permitting two or more periodic payments is more than twice the amount of any other periodic payment, a loan is "payable in installments."

Subd. 45. **Person.** "Person" means a natural person or an organization.

Subd. 46. **Primary lending area.** "Primary lending area" means the state of Minnesota.

Subd. 47. **Real estate loan.** "Real estate loan" means any loan or other obligation secured by a first lien on real estate held in fee or in a leasehold extending or renewable automatically for a period of at least ten years beyond the date scheduled for the final principal payment of such loan or obligation, or any transaction out of which a first lien or claim is created against such real estate, including inter alia the purchase of such real estate in fee by an association and the concurrent or immediate sale thereof on installment contract.

Subd. 48. **Savings account.** "Savings account" means any deposit account other than a time deposit account, a NOW account, a demand deposit account, or a treasury tax and loan account. Savings accounts include but are not limited to money market deposit accounts.

Subd. 49. **Savings liability.** "Savings liability" means the aggregate amount of savings accounts, including earnings credited to such accounts, less redemptions and withdrawals.

Subd. 50. **Service organization.** "Service organization" means an affiliate organization substantially all the activities of which consist of activities as the commissioner may approve.

Subd. 51. **Sources available for payment of earnings.** "Sources available for payment of earnings" means net income for an accounting period less amounts transferred to reserves as provided in or permitted by sections 51A.01 to 51A.57, plus any balance of undivided profits whether same are designated as such or by other language from preceding accounting periods.

Subd. 52. **Stockholder.** "Stockholder" means the holder of one or more shares of any class of capital stock of a capital stock association organized and operating pursuant to the provisions of Laws 1981, chapter 276.

Subd. 53. **Surplus.** "Surplus" means the aggregate amount of the undistributed net income for an association held as undivided profits or unallocated reserves for general corporate purposes, and any paid-in surplus held by an association.

Subd. 54. **Thrift institution.** "Thrift institution" means an association, a mutual savings bank, a cooperative bank, a homestead association, a savings association, a federal association, and a supervised thrift and residential financing institution of a substantially similar nature.

Subd. 55. **Time deposit.** "Time deposit" has the meaning given the term in the Code of Federal Regulations, title 12, part 204.

Subd. 56. **Withdrawal value.** "Withdrawal value" means the amount credited to a deposit account of a member, less lawful deduction therefrom, as shown by the records of the association.

History: *1969 c 490 s 2; 1971 c 387 s 1; 1980 c 524 s 2-4; 1980 c 618 s 12; 1981 c 276 s 1-5; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1988 c 666 s 2; 1989 c 217 s 2; 1993 c 137 s 4; 1993*

c 257 s 29; 1995 c 171 s 61-63; 1995 c 202 art 1 s 25; art 3 s 4-6; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1; 1999 c 11 art 3 s 2

51A.03 INCORPORATION.

Subdivision 1. **Application for certificate of incorporation.** Any three or more individuals, residents of this state, may apply to form a mutual association or capital stock association to promote thrift and home financing subject to approval as provided in sections 51A.01 to 51A.57. Three of the individual applicants shall be incorporators and sign and acknowledge before an officer competent to take acknowledgments of deeds, two copies of an application for a certificate of incorporation in the form prescribed by the commissioner of commerce, and of the bylaws in the form set out in this section or in a form approved by the commissioner, which shall be filed with the commissioner, accompanied by the incorporation fee. The applicants shall submit with their application statements, exhibits, map, and other data which the commissioner may require. The data must be sufficiently detailed and comprehensive to enable the commissioner of commerce to pass upon the application as to the criteria set out in subdivision 3.

Subd. 2. **Preapproved bylaws of mutual associations.** The following form of bylaws may be adopted and used by any mutual association without specific approval of the commissioner. The bylaws may be amended and different bylaws may be adopted with the approval of the commissioner.

(1) Meeting procedure. All meetings of the members and of the board of directors shall be conducted in accordance with Robert's Rules of Order.

(2) Annual meeting of members. The annual meeting of the members of the association for the election of directors and for the transaction of other business of the association shall be held at its home office at a time and day to be specified in January in each year, or, if a legal holiday, then on the next succeeding day not a legal holiday. The annual meeting may be held at another time and day in January or at another place in the same community the board of directors determines, but at least ten days' written notice thereof shall be sent to the last known address of each member as it appears upon the membership records of the association, or ten days' notice of the other time, date, and place of meeting shall be given by publication in a newspaper of general circulation in the county in which the home office of the association is located. At each annual meeting, the officers shall make a report of the financial condition of the association and of its progress for the preceding year, and shall outline a program for the succeeding year.

(3) Special meetings of members. A special meeting of the members of the association may be called at any time by the chair of the board of directors, the president, or the board of directors, and shall be called by the president, a vice-president, or the secretary upon the written request of members of record holding, in the aggregate, at least one-tenth of the savings liability of the association. The written requests shall state the purposes of the meeting and shall be delivered at the principal office of the association addressed to the president.

(4) Notice of meetings of members. Except as hereinabove provided, no notice of annual meetings of members need be given to members. Notice of each special meeting of members shall state the purposes for which the meeting is called, the place of meeting, and the time when it shall convene, and shall be published once a week for two consecutive calendar weeks, in each instance on any day of the week, prior to the date on which the special meeting shall convene, in a newspaper of general circulation in the county in which the principal office of the association is located. In addition to the publication of the notice, a copy thereof shall be posted in a conspicuous public place in the principal office of the association during the 14 days immediately preceding the date on which the special meeting shall convene.

(5) Procedure for nomination of directors. On or before the 30th day prior to the date of the annual meeting the president, with the approval of the board of directors, shall appoint a nominating committee of three members of the association, and the nominating committee shall, on or before the 15th day prior to the date of the annual meeting, nominate a qualified member of the association to serve as a director for each vacancy in the board of directors of the association and to succeed each director whose term is expiring at the annual meeting. The nominations shall be in writing, signed by the members of the nominating committee, and shall be filed with the secretary of the association. Any member of the association, acting in that capacity, may nominate any qualified member of the association for the office of director to fill any vacancy in the board of directors or to succeed each director whose term is expiring at the annual meeting, provided the nomination is made in writing, signed by the member, and filed with the secretary of the association and with the commissioner at least 15 days before the meeting. The written nomination by a member acting in that capacity shall contain the following information to the extent known to the member: (1) The names and addresses of the nominees; (2) the major occupations of the nominees; (3) the total number of votes that to the knowledge of the member will be voted for the nominees; (4) the name and residence address of the member; and (5) the number of votes which may be cast by the members. The names of all nominees nominated by the nominating committee and by members, as herein provided, shall be printed, typed, or written upon ballots, which shall be used in the election of directors at the annual meeting, and no other nomination shall be considered at the meeting; provided that in the event no nomination has been made either by the nominating committee or by a member as herein provided, nominations may be made from the floor at the annual meeting.

(6) New business. Any new business to be taken up at the annual meeting, including any proposal to increase or decrease the number of directors of the association, shall be stated in writing and filed with the secretary of the association on or before the 20th day prior to the date of the annual meeting, and all business so stated, proposed, and filed shall be considered at the annual meeting, but no other proposals shall be acted upon at the annual meeting. Any member may make any other proposal at the annual meeting and the same may be discussed; but unless stated in writing and filed with the secretary at least 20 days before the meeting, the proposals shall be laid over for action at an adjourned, special, or regular meeting of the members taking place 30 days or more after the annual meeting. This provision shall not prevent consideration at the annual meeting of the reports of officers and reports of committees. No new business shall be acted upon at a special meeting of the members except that which has been stated in the published notice of the meeting as provided in paragraph 4 of the bylaws.

(7) Meetings of the board of directors. The board of directors shall meet regularly without notice at least once each month at the place, hour, and date fixed by resolution of the board of directors. Special meetings of the board of directors may be held and shall be called by the secretary upon the written request of the president or of three directors. All special meetings shall be held upon at least three days' written notice to each director unless notice be waived in writing by each director before or after the meeting. The notice shall state the place, time, and purposes of the meeting. No notice need be given of any meeting at which every director shall be present. A majority of the total number of directors authorized shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors. If the board of directors of the association elects a chair of the board of directors, that person shall preside at all meetings of the board of directors, if present, and may exercise any and all powers and perform any and all duties which the board of directors, by resolution, confers.

(8) Resignation and removal of directors. Any director may resign at any time by sending a written notice of the resignation to the principal office of the association addressed to the secretary. Unless otherwise specified therein, the resignation shall take effect upon receipt thereof by the secretary. Any director may

be removed either with or without cause at any time by the majority of all votes cast at any annual meeting of members, or at any special meeting of members called for that purpose. Any director, after an opportunity for being heard, may be removed for cause by a two-thirds majority vote of the total number of directors authorized, at any regular meeting or at any special meeting called for that purpose. More than three consecutive absences from regular meetings of the board of directors, unless excused by resolution of the board of directors, shall automatically constitute a resignation, effective when the resignation is accepted by the board of directors.

(9) Compensation of directors. The board of directors, by resolution, may provide for reasonable compensation to be paid to directors for services as directors, which compensation shall not preclude any director from serving the association in any other capacity and receiving compensation therefor.

(10) Executive and other committees. The president with the approval of the board of directors may appoint an executive committee of not less than three members of the board which shall have all the powers of the board of directors between meetings of the board. Actions taken by the executive committee shall be disclosed to the board of directors at its next regular or special meeting. There may be a loan policy committee, and other committees the president appoints and empowers with the approval of the board of directors.

(11) Officers. The officers of the association shall consist of a president to be chosen from among the directors, one or more vice-presidents, a secretary, a treasurer, and any other officers authorized by the board of directors, and shall be elected at the first meeting of the board of directors which follows the annual meeting of members, and which shall be held within 30 days after the annual meeting of members. The board of directors may authorize the appointment of additional officers and employees as it may from time to time determine. Any one person may hold any two offices, except that during tenure as president, the president may not hold the office of secretary or treasurer. The term of office of all officers shall be one year or until their respective successors are elected and qualified; but any officer may be removed at any time by the board of directors for or without cause. The officers shall have the powers, duties, and authority generally appropriate to the office held, subject to special provision made by the board of directors at any time.

(12) Execution of instruments. All contracts, notes, drafts, acceptances, checks, endorsements, assignments, releases, deeds, all evidences of indebtedness of the association, and all documents, instruments, or writings of any nature shall be signed, executed, verified, acknowledged, and delivered by the officers, agents, or employees of the association, or any one of them in a manner as from time to time may be determined by resolution of the board of directors. Proxies to vote with respect to securities or accounts owned by the association may be executed and delivered from time to time by the president, a vice-president, the secretary or treasurer of the association, or by any other person authorized by resolution of the board of directors.

(13) Evidence of savings account. Officers or employees designated by the board of directors shall deliver to each person upon the initial credit to that person's savings account in the association an account book or other written evidence of the account where the issuance of the evidence may be required.

(14) Corporate seal. The seal shall be two concentric circles between which shall be the name of the association. The year of incorporation and the name of this state shall, and an emblem may, appear in the center.

(15) Fiscal year. The fiscal year shall be the calendar year.

(16) Amendments. With the approval of the commissioner, amendments of these bylaws may be made from time to time or different bylaws adopted by vote of the members, or by a two-thirds majority vote of the total number of directors authorized.

We, the undersigned, being the incorporators of the ..... SAVINGS ASSOCIATION, do hereby adopt and for that purpose do sign and acknowledge the foregoing bylaws as and for the bylaws of the ..... SAVINGS ASSOCIATION, this ..... day of ....., ...

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Subd. 2a. [Repealed, 1988 c 666 s 75]

Subd. 2b. **Regulation of capital stock associations.** The incorporation, formation, and corporate governance of capital stock associations are governed by chapter 302A, except to the extent the provisions of this chapter conflict with the provisions of chapter 302A, in which case the provisions of this chapter govern.

Subd. 3. **Notice and hearing.** Upon receipt of an application for a certificate of incorporation to form an association, including supporting data, the commissioner of commerce shall fix a time, within 60 days after the filing of the application, for a hearing at its office at the State Capitol, at which hearing it shall decide whether or not the application shall be granted. A notice of hearing shall be published in the form prescribed by the commissioner of commerce in a newspaper of general circulation published in the municipality in which the proposed association is to be located, and if there be no such newspaper, then at the county seat of the county in which the association is proposed to be located. The notice shall be published once, at the expense of the applicants, not less than 30 days prior to the date of the hearing. Any interested person may appear at the hearing in person or by agent or attorney, and orally or in writing show cause upon any relevant ground why the certificate should not be issued.

If upon the hearing it appears that the applicants are of good moral character and financial integrity, that there is a reasonable public demand for this association in the location specified by the application, that there is a reasonable probability of the proposed association's usefulness and success, that the association can be established without undue injury to the properly conducted, existing financial institution in the locality, and that the association will be properly and safely managed, the application may be granted; otherwise it shall be denied. Any hearing required by this section shall be conducted by the commissioner of commerce in accordance with the provisions of the Administrative Procedure Act, sections 14.001 to 14.69, governing contested cases, including the provisions of the act relating to judicial review of agency decisions.

Subd. 4. **Procedure; filing of articles.** The procedure for processing the application, conducting the hearing, and other matters pertinent thereto, must be established by rules adopted by the commissioner. After approval, if approved, the commissioner shall issue a certificate of approval and the articles of incorporation must then be filed with the secretary of state, who shall record them and certify the fact thereon.

Subd. 5. [Repealed, 1984 c 618 s 61]

History: *1969 c 490 s 3; 1971 c 387 s 2-4; 1976 c 181 s 2; 1981 c 276 s 6; 1982 c 424 s 130; 1982 c 473 s 16; 1983 c 250 s 11,12; 1983 c 289 s 114 subd 1; 1984 c 609 s 2; 1984 c 655 art 1 s 92; 1986 c 444; 1987 c 384 art 2 s 1; 1988 c 666 s 3; 1990 c 422 s 10; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 254 art 1 s 107; 1998 c 260 s 1; 2005 c 69 art 3 s 7*

51A.04 ORGANIZATION OF MUTUAL ASSOCIATIONS.

Subdivision 1. **Selection of chair of incorporators; savings liability required.** The incorporators of a mutual association shall appoint one of their number as chair of the incorporators. The incorporators, before a certificate of incorporation is issued, shall pay in cash to the chair, as subscriptions to the savings accounts of the proposed association, including that part of the original subscription paid by the chair, an aggregate amount, not less than $100,000; provided the commissioner may require a larger amount to be paid in.

Subd. 2. **Chair of incorporators to procure surety bond.** The chair of the incorporators shall procure from a surety company or other surety acceptable to the commissioner, a surety bond in form approved by the commissioner in an amount at least equal to the amount subscribed by the incorporators plus the expense fund. The bond shall name the commissioner as obligee and shall be delivered to the commissioner. It shall assure the safekeeping of the funds subscribed and their delivery to the association after the issuance of the certificate of incorporation and after the bonding of the officers. In the event of the failure to complete organization, the bond shall assure the return of the amounts collected to the respective subscribers or their assigns, less reasonable expense which shall be deducted from the expense fund.

Subd. 3. **Expense fund for incorporation and organization.** The incorporators, in addition to their subscriptions to savings accounts, shall create an expense fund in an amount not less than one-half of the minimum amount of savings account subscriptions required to be paid in under sections 51A.01 to 51A.57, from which expense fund the expense of organizing the association and its operating expenses may be paid until the time its net income is sufficient to pay the earnings declared and paid or credited to its savings account holders from sources available for payment of earnings. The incorporators and others, before a certificate of incorporation is issued, shall deposit to the credit of the chair of the incorporators and others shall not constitute a liability of the association except as hereinafter provided.

Subd. 4. **Repayment of contributions made to expense fund.** Contributions made by the incorporators and others to the expense fund may be repaid pro rata to the contributors from the net income of the association after provision for statutory reserves and declaration of earnings of not less than two percent on savings accounts. In case of the liquidation of an association before contributions to the expense fund have been repaid, any contributions to the expense fund remaining unexpended, after the payment of expenses of liquidation, all creditors, and the withdrawal value of all savings accounts, shall be repaid to the contributors pro rata. The books of the association shall reflect the expense fund. Contributors to the expense fund shall at the times earnings regularly are distributed to savings account holders be paid earnings on the amounts paid in by them and for this purpose the contributions shall in all respects be considered as savings accounts of the association.

Subd. 5. **Organization meeting.** Within 30 days after the corporate existence of an association begins, the directors of the association shall hold an organization meeting and shall elect officers pursuant to the provisions of sections 51A.01 to 51A.57 and the bylaws. At the organization meeting the directors shall take

other action as appropriate in connection with beginning the transaction of business by the association. The commissioner may extend by order the time within which the organization meeting shall be held.

History: *1969 c 490 s 4; 1981 c 276 s 7; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.041 ORGANIZATION OF CAPITAL STOCK ASSOCIATIONS.

Subdivision 1. **Selection of chair of incorporators; surety bond and capital required.** The incorporators of a capital stock association shall appoint one of their number as chair of the incorporators and the chair shall procure from a surety company or other surety acceptable to the commissioner, a surety bond in an amount at least equal to the amount of capital stock contributions, plus the additional amounts described in subdivision 2. The bond shall name the commissioner as obligee and shall be delivered to the commissioner. It shall assure the safekeeping of the funds described; their delivery to the association after the issuance of the certificate of incorporation and after the bonding of the officers; and, in the event of the failure to complete organization, the return of the amounts collected to the respective subscribers or their assigns, less reasonable expenses which shall be deducted from the paid-in surplus. Before a certificate of incorporation is issued, the capital of the association shall be paid in by subscribers to the chair in cash or authorized securities and shall be the sum of the par or initially stated value of all shares of voting capital stock. Each share of capital stock shall entitle the holder thereof to one vote. The minimum required capital shall be not less than $500,000, provided the commissioner may require a larger amount to be paid in. No portion of the capital stock shall be withdrawn by any person or in any way, either in dividends or otherwise, except as provided by law. No dividend on capital stock shall be made except as provided in section 51A.21, subdivision 21.

Subd. 1a. **Qualifications required of directors of stock associations.** Except with the written consent of the commissioner, no person shall be eligible for election or shall serve as director or officer of an association who has been adjudicated a bankrupt or convicted of a criminal offense involving dishonesty or a breach of trust. A director shall automatically cease to be a director when adjudicated a bankrupt or convicted of a criminal offense as herein provided.

Subd. 2. **Payments of minimum paid-in, surplus and expense fund.** In addition to the required capital stock the incorporators shall pay an additional amount as the commissioner shall determine which shall constitute minimum paid-in surplus. This paid-in surplus shall in no event be less than 25 percent of the amount of required capital stock. Furthermore, there shall be established an expense fund in an amount determined by the commissioner to be adequate to meet the expense of organizing the association and its operating expenses until the time its net income is sufficient.

Subd. 3. **Issuance of certificate of incorporation.** After approval by the commissioner of commerce of the application for a certificate of incorporation, and prior to issuance of the certificate of incorporation by the commissioner, the incorporators of the proposed association shall file with the commissioner a statement in a form and with the supporting data and proof as it may require, verifying that the entire capital and paid-in surplus has been unconditionally paid in, and that the funds representing the capital and paid-in surplus, less sums of the paid-in surplus expended for land, building, supplies, fixtures, equipment, and organization, are on hand.

Subd. 4. **Issuance of capital stock.** As of the date corporate existence begins, the association shall issue capital stock as necessary to satisfy the minimum capital requirements of this section and additional capital stock as may be approved for issuance by its board of directors up to the amount authorized in its certificate of incorporation, and thereafter shall issue no other shares except as authorized in Laws 1981, chapter 276. Any capital stock of an association, when issued, shall constitute permanent capital and shall not be retired

or withdrawn except as hereinafter provided until all liabilities of the association have been satisfied in full, including the withdrawal value of all deposit accounts, and until outstanding capital certificates have been retired. An association may issue shares of common stock and preferred stock, with or without par value, and the common and preferred stock may be divided into classes and the classes into series. Capital stock of an association shall be issued pursuant to the following requirements:

(a) Except for stock issued pursuant to the incorporation of the association, an employee stock option plan, or other forms of stock-based compensation or a plan of merger, consolidation, conversion from a mutual to a capital stock association, or other type of reorganization which has been approved by the commissioner, the consideration for the issuance of capital stock shall be paid in cash. The par value or stated value of the stock shall be maintained as the permanent capital of the association, and any additional amount paid in shall be credited to paid-in surplus.

(b) The aggregate par value or stated value of all outstanding shares of capital stock shall be the permanent capital of the association, and except as otherwise specifically provided by Laws 1981, chapter 276, the capital stock shall not be retired until final liquidation of the association. No association shall reduce the par or stated value of its outstanding capital stock without first obtaining the written approval of the commissioner, and the approval shall be withheld if the reduction will cause the par or stated value of outstanding capital stock to be less than the minimum required by Laws 1981, chapter 276, or will result in less than adequate net worth as the commissioner may determine. No association shall retire any part of its capital stock unless the retirement is approved by the commissioner. With the written approval of the commissioner, an association may purchase its capital stock from the personal representative of a deceased stockholder; and with the written approval, an association may contract with a living stockholder for this purpose upon the stockholder's death. Any purchase shall be for the price, and upon the terms and conditions, agreed upon by the association and the stockholder or personal representative; provided, however, that the purchase shall not reduce the net worth accounts of the association, or any of them, to an amount less than required by applicable law or by any approved insurer of the association's savings accounts. An association agreeing with a stockholder to purchase that stockholder's capital stock upon the stockholder's death may purchase insurance upon the life of the stockholder to fund or partially fund the purchase. Any stock purchased from a decedent's personal representative may be resold by the association at the price, and upon the terms and conditions, as the board of directors of the association shall approve, or may be retired; provided, however, that prior to the resale, notice shall be filed with the commissioner disclosing the price, terms, and conditions of the proposed resale.

Subd. 5. **Organization meeting.** Within 30 days after the corporate existence of an association begins, the directors of the association shall hold an organization meeting and shall elect officers pursuant to the provisions of Laws 1981, chapter 276 and the bylaws. At the organization meeting the directors shall take other action as appropriate in connection with beginning the transaction of business by the association. The commissioner may extend by order the time within which the organization meeting shall be held.

History: *1981 c 276 s 8; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1988 c 666 s 4-6; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.05 NAME; OFFICE.

Subdivision 1. **Corporate name.** The name of every association shall include the word "saving" or "savings." The use of the words "national," "federal," or "United States," or any form of these words, separately or in any combination with other words or syllables, is prohibited as part of the corporate name of an association. Any association in existence at the time of the adoption of sections 51A.01 to 51A.57 may continue to operate under its existing name.

Subd. 2. **Exclusiveness of name.** No person, firm, company, association, fiduciary, partnership, or corporation, either domestic or foreign, unless lawfully authorized to do business in this state under the provisions of sections 51A.01 to 51A.57 and actually engaged in carrying on a savings association business shall do business under any name or title which contains the terms "savings association," "savings and loan association," "building and loan association," "building association," or any combination employing either or both of the words "building" or "loan" with one or more of the words "saving," "savings," or words of similar import, or any combination employing one or more of the words "saving," "savings," or words of similar import with one or more of the words "association," "institution," "society," "company," "fund," "corporation," or words of similar import, or use any name or sign or circulate or use any letterhead, billhead, circular or paper whatever, or advertise or represent in any manner which indicates or reasonably implies that the business is the character or kind of business carried on or transacted by an association of which is likely to lead any person to believe that the business is that of an association. Upon application by the commissioner or any association, a court of competent jurisdiction may issue an injunction to restrain any such entity from violating or continuing to violate any of the foregoing provisions of this subdivision. Any person who violates any provision of this subdivision shall be guilty of a gross misdemeanor. The prohibitions of this subdivision shall not apply to any corporation or association formed for the purpose of promoting the interests of thrift institutions, the membership of which is comprised of thrift institutions, their officers, or other representatives.

Subd. 3. [Repealed, 1988 c 666 s 75]

Subd. 3a. **Offices.** The association shall obtain approval from the commissioner pursuant to rules prior to opening a branch office. The association shall not change the location of any branch office without prior written approval of the commissioner. The association may, however, operate other business facilities not constituting branch offices as defined in section 51A.02, subdivision 8, including automated teller machines and loan production offices upon providing notice under this subdivision.

Subd. 4. [Repealed, 1988 c 666 s 75]

Subd. 5. [Repealed, 1988 c 666 s 75]

History: *1969 c 490 s 5; 1986 c 444; 1988 c 666 s 7,8; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.06 CONVERSION.

Subdivision 1. [Repealed, 1981 c 276 s 32]

Subd. 2. [Repealed, 1981 c 276 s 32]

Subd. 3. **Limitation.** No conversion of an association, direct or indirect, shall be permitted except as specifically authorized by sections 51A.01 to 51A.57 or other provision of the Minnesota Statutes.

History: *1969 c 490 s 6; 1988 c 666 s 9; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.065 MUTUAL AND CAPITAL STOCK CONVERSIONS.

Subdivision 1. **Types of conversions.** Any mutual or capital stock association, or mutual or capital stock federal association, if substantial business benefit to the applicant will result, may apply to convert to one of the following other forms of organization: mutual association, capital stock association, mutual federal association, or capital stock federal association in accordance with the provisions of subdivisions 2 to 4 and one of the three plans of conversion set forth in subdivisions 5 to 7.

Subd. 2. **Board of directors approval of plan.** Any applicant seeking to convert its corporate form pursuant to this section shall first obtain approval of a plan of conversion by resolution adopted by not less than a two-thirds majority vote of the total number of directors authorized.

Subd. 3. **Supervisory approval of plan.** Upon approval of the plan of conversion by the board of directors, the plan and the resolution approving it shall be submitted to the commissioner. The commissioner may approve or disapprove the plan of conversion in its discretion, but shall not approve the plan unless a finding is made, after appropriate examination, that: substantial business benefit to the applicant will result; the plan of conversion is fair and equitable; the interests of the applicant, its members or stockholders, its savings account holders and the public are adequately protected; and the converting applicant has complied with the requirements of this section. If the commissioner approves the plan of conversion, the approval, which shall be in writing and sent to the home office of the converting applicant, may prescribe terms and conditions to be fulfilled either before or after the conversion to cause the applicant to conform with the requirements of Laws 1981, chapter 276. If the commissioner disapproves the plan of conversion, the objections shall be stated in writing and sent to the home office of the converting applicant, and the applicant afforded an opportunity to amend and resubmit the plan within a reasonable time as prescribed by the authority. In the event that the commissioner disapproves the plan after resubmission, written notice of the final disapproval shall be sent by certified mail to the applicant's home office.

Subd. 4. **Submission to members or stockholders.** If the commissioner approves a plan of conversion in accordance with subdivision 3, the plan must be submitted for adoption to the members or stockholders of the converting applicant by vote at a meeting called to consider the action. Except in the case of a conversion of an association to a federal association of like corporate form, or vice versa pursuant to subdivision 7 and in addition to any notice of annual or special meeting required by Laws 1981, chapter 276, and at least three weeks prior to the meeting, a copy of the plan, together with an accurate summary plan description explaining the operation of the plan and the rights, duties, obligations, liabilities, conditions, and requirements which may be imposed upon the members or stockholders and the converted applicant as a result of the adoption of the plan, must be mailed to each member or stockholder eligible to vote at the meeting. The plan of conversion may be approved by not less than a majority of the total number of votes eligible to be cast at the meeting. If the plan is approved, action must be taken to obtain a charter, articles of incorporation, articles of association or similar instrument, adopt bylaws, elect directors and officers and take other action prescribed or appropriate for the type of corporation into which the converting applicant will be converted. A certified report of the proceedings at the meeting must be filed promptly with the commissioner.

Subd. 5. **Plan of conversion; mutual to capital stock.** In any plan of conversion from mutual form of organization to capital stock form, the following requirements are mandatory:

(a) Each savings account holder shall receive without payment a withdrawable account of the same general class in the converted institution equal in amount and equal in time tenure to that person's withdrawable account in the converting institution.

(b) All voting capital stock issued by an association to accomplish the conversion shall be subscribed and fully paid for and shall not be eligible either directly or indirectly as security for a loan or other credit advance to facilitate its own purchase and each account holder shall receive without payment nontransferable rights for a period of at least 20 days to purchase a proportionate share of voting capital stock at a price equal to the initial stated value thereof. Thereafter, any stock remaining unsubscribed may be offered for sale to others, provided the offering shall be sold in a public offering through an underwriter or if directly by the converting association in a direct community marketing program as provided for in the plan for conversion approved by the commissioner or other responsible authority, except that no officer, director,

employee, or spouse thereof shall be entitled to purchase any stock if the purchase would result in ownership of more than one percent of the total offering of capital stock, nor shall these persons in the aggregate be entitled to purchase any stock if the purchase would result in ownership of more than 15 percent thereof. Any stock purchased by an officer, director, or employee of the converting institution, or any of their spouses, in connection with a conversion hereunder shall not, for a period of two years following the date of issuance of the certificate of conversion, be subject to inter vivos sale, pledge, assignment, hypothecation, transfer, any agreement to sell or otherwise alienate in the future, or any other form of alienation.

(c) The record date for determining savings account holders' rights to distribution under paragraph (b) shall be set by the converting institution's board of directors, but the date shall be not less than 90 days prior to the date of approval of the conversion plan by the directors.

(d) The proportionate share of voting capital stock subscription rights of each savings account holder of record shall be a fraction, the numerator of which is the total savings account balance of the account holder and the denominator of which is the total savings liability of the converting institution as of the record date determined in accordance with paragraph (c). Fractional shares need not be issued but subscription rights representing less than the initial stated value per share shall be issued and may be combined to authorize the subscription of one or more shares of stock.

(e) The plan shall demonstrate with particularity the substantial business benefit to the applicant that will result from the conversion.

(f) The plan shall provide that the conversion will not result in any insurance of accounts being canceled by the insuring agency, and will not result in a taxable reorganization under federal law.

(g) The plan shall provide for the election of directors on a staggered term basis.

(h) The plan shall contain other provisions, requirements or information and be in a form acceptable to the commissioner or other appropriate supervisory authority to enable a determination that substantial business benefit to the applicant will result from the conversion; that the plan is fair and equitable; that the interests of the applicant, its members or shareholders, its savings account holders and the public are adequately protected; and that the converting applicant has complied with the requirements of this section.

Subd. 6. **Plan of conversion; capital stock to mutual.** In any plan of conversion from capital stock form of organization to mutual form, the following requirements are mandatory:

(a) Each savings account holder shall receive without payment a withdrawable account of the same general class in the converted institution equal in amount and equal in time tenure to that person's withdrawable account in the converting capital stock institution.

(b) The plan shall specify how and in what amount the return of capital to each class of stockholder in the form of an exchange of stock for savings accounts shall be effectuated.

(c) The plan shall provide for allocation of voting rights to the holders of savings accounts and the manner of exercise thereof.

(d) The requirements of subdivision 5, paragraphs (e), (f), (g) and (h).

Subd. 7. **Plan of conversion; mutual to mutual or stock to stock.** In any conversion of a state association to a federally chartered association of like corporate form, or vice versa, the following requirements are mandatory:

(a) Each savings account holder shall receive a withdrawable account of the same general class in the converted institution equal in amount and equal in time tenure to that person's withdrawable account in the converted institution.

(b) Each savings account holder with voting rights or capital stockholder with voting rights, as the case may be, shall, to the extent permitted by law applicable to the converted institution, receive substantially identical voting rights in the converted institution.

(c) The requirements of subdivision 5, paragraphs (e), (f), (g) and (h).

Subd. 8. **Certificate of conversion.** If the commissioner finds that a conversion proceeding has been completed in accordance with the requirements of this section, the commissioner shall issue to the applicant a certificate of conversion, attaching as a part of the certificate a copy of the charter, articles of incorporation, articles of association or similar instrument. The conversion shall not become effective until the issuance of the certificate as provided in this section.

Subd. 9. **Succession.** Upon the issuance to any applicant of a certificate of conversion as provided in subdivision 8, the corporate existence of the converting applicant shall not terminate, but the applicant shall be a continuation of the entity so converted and all property of the converted applicant, including its rights, titles, and interests in and to all property of whatever kind, whether real, personal, or mixed, things in action, and every right, privilege, interest, and asset of any conceivable value or benefit then existing, or pertaining to it, or which would inure to it, immediately, by operation of law and without any conveyance or transfer and without any further act or deed, shall vest in and remain the property of the converted applicant, and the same shall have, hold, and enjoy the same in its own right as fully and to the same extent as the same was possessed, held, and enjoyed by the converting applicant, and the converted applicant, upon issuance of the certificate of conversion, shall continue to have and succeed to all the rights, obligations and relations of the converting applicant. All pending actions and other judicial proceedings to which the converting applicant is a party shall not be abated or discontinued by reason of the conversion, but may be prosecuted to final judgment, order, or decree in the same manner as if the conversion had not been made, and the converted applicant may continue the actions in its new corporate name. Any judgment, order, or decree may be rendered for or against it which might have been rendered for or against the converting applicant theretofore involved in the proceedings.

Subd. 10. **Appeal.** Any association aggrieved by any action or inaction of the commissioner under this section may appeal therefrom and the proceedings shall be conducted pursuant to the provisions of the Administrative Procedure Act relating to judicial review of agency decisions, sections 14.63 to 14.69, and the scope of judicial review in the proceedings shall be as provided therein.

Subd. 11. **Federal association.** Nothing in this section applies to the conversion of a federal association to another form of federally chartered institution.

History: *1981 c 276 s 9; 1982 c 424 s 130; 1983 c 250 s 13; 1986 c 444; 1987 c 384 art 2 s 1; 1988 c 666 s 10-14; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.07 POWER TO REORGANIZE, MERGE, OR CONSOLIDATE.

Pursuant to a plan adopted by the board of directors and approved by the commissioner as equitable to the members or stockholders of the association and as not impairing the usefulness and success of other properly conducted associations in the community, an association shall have power to reorganize or to merge or consolidate with another association or federal association within its primary lending area; provided, that the plan of the reorganization, merger, or consolidation shall be approved at an annual meeting or at any

special meeting of the members or stockholders called to consider the action by a vote of more than 50 percent of the total number of votes of the members cast in person or by proxy. In all cases the corporate continuity of the resulting corporation shall possess the same incidents as that of an association which has converted in accordance with sections 51A.01 to 51A.57. No association, directly or indirectly, shall convert or reorganize, or merge, consolidate, assume liability to pay savings accounts or other liabilities of, transfer assets in consideration of the assumption of liabilities for any portion of the savings accounts, deposits made in, or other liabilities of the association to, or acquire the assets of or assume liability to pay any liabilities of, any financial institution or any other organization, person, or entity, except as specifically authorized by the commissioner. Any association aggrieved by any action or nonaction of the commissioner under this section may appeal therefrom and the proceedings shall be conducted pursuant to the provisions of the Administrative Procedure Act relating to judicial review of agency decisions, sections 14.63 to 14.69, and the scope of judicial review in the proceedings shall be as provided therein.

History: *1969 c 490 s 7; 1981 c 276 s 10; 1982 c 424 s 130; 1987 c 384 art 2 s 1; 1988 c 666 s 15; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.08 DISSOLUTION.

Subdivision 1. **Notice and vote.** Any association, by a vote of three-fourths of its members or stockholders eligible to vote at any regular meeting of its members or stockholders or at any special meeting called for that purpose, of which regular or special meeting at least ten days' written notice, specifying the matter to be considered under this section, shall have been mailed to each member or stockholder at that person's last recorded address, may, with the approval of the commissioner, voluntarily go into liquidation.

Subd. 2. **Certificate of dissolution.** Upon the vote, five copies of a certificate of dissolution, which shall state the vote cast in favor of dissolution, shall be signed by two officers and acknowledged before an officer competent to take acknowledgments of deeds. Five copies of the certificate shall be filed with the commissioner, who shall examine the association, and if the commissioner finds that it is not in an impaired condition, shall so note, together with approval of the dissolution, upon all the copies of the certificate of dissolution. The commissioner shall place a copy in the permanent files of the commissioner's office, file a copy with the secretary of state, and return the remaining copies to the parties filing the same. Notice of commissioner's approval shall be mailed to each member or stockholder and shall be published at least once in a qualified legal newspaper published at the principal place of business of the association.

Subd. 3. **Association continues as corporate entity for sole purpose of winding up affairs.** Upon approval, the association shall be dissolved and shall cease to carry on business but nevertheless shall continue as a corporate entity for the sole purpose of paying, satisfying, and discharging existing liabilities and obligations, collecting and distributing assets, and doing all other acts required to adjust, wind up, and dissolve its business and affairs.

Subd. 4. **Directors to act as liquidating trustees.** The board of directors shall act as trustees for liquidation as provided in this section. They shall proceed as quickly as may be practicable to wind up the affairs of the association and, to the extent necessary or expedient to that end, shall exercise all the powers of the dissolved association and, without prejudice to the generality of the authority, may fill vacancies, elect officers, carry out the contracts, make new contracts, borrow money, mortgage or pledge the property, sell its assets at public or private sale, or compromise claims in favor of or against the association, apply assets to the discharge of liabilities, distribute assets in cash or in kind among savings account members of a mutual association or stockholders of a capital stock association according to their respective pro rata interests after paying or adequately providing for the payment of other liabilities, and perform all acts necessary or expedient to the winding up of the association. All deeds or other instruments shall be in the

name of the association and executed by the president or a vice-president and the secretary or an assistant secretary. The board of directors shall also have power to exchange or otherwise dispose of or to put in trust all, or substantially all, or any part of the assets, upon terms and conditions and for considerations, which may be money, stock, bonds, shares, or accounts of any insured association, or of any federal association, or other instruments for the payment of money, or other property, or other considerations, the board of directors deems reasonable or expedient, and may distribute considerations or the proceeds thereof, or trust receipts, or certificates of beneficial interest among the savings account members or stockholders in proportion to their pro rata interests therein. In the absence of fraud, any determination of value made by the board of directors for these purposes shall be conclusive.

Subd. 5. **Association subject to commissioner during liquidation.** The association, during the liquidation of the assets of the association by the board of directors, shall continue to be subject to the supervision of the commissioner, and the board of directors shall report the progress of the liquidation to the commissioner from time to time as the commissioner may require. Upon completion of liquidation, the board of directors shall file with the commissioner a final report and accounting of the liquidation. The approval of the report by the commissioner shall operate as a complete and final discharge of the board of directors and each member or stockholder thereof in connection with the liquidation of the association. No dissolution or any action of the board of directors in connection therewith shall impair any contract right between the association and any borrower or other person or persons or the vested rights of any member or stockholder of the association.

History: *1969 c 490 s 8; 1981 c 276 s 11; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.09 MEETINGS OF MEMBERS OF MUTUAL ASSOCIATIONS.

Subdivision 1. **Annual and special.** An annual meeting of the members of each mutual association shall be held in the month of January, as fixed in the bylaws of the association. Special meetings may be called as provided in the bylaws.

Subd. 2. **Members entitled to vote.** The members who shall be entitled to vote at any meeting of the members shall be those who are members of record at the end of the calendar month next preceding the date of the meeting of members, except those who have ceased to be members. The number of votes which members shall be entitled to cast shall be in accordance with the books on the date determinative of entitlement to vote.

Subd. 3. **Voting rights.** In the determination of all questions requiring action by the members, each member shall be entitled to cast one vote, plus an additional vote for each $100 or fraction thereof of the withdrawal value of savings accounts, if any, held by the member. No member, however, shall cast more than 150 votes.

Subd. 4. **Voting by proxy.** At any meeting of the members, voting may be in person or by proxy, provided that no proxy shall be eligible to be voted at any meeting unless the proxy shall have been filed with the secretary of the association, for verification, at least five days prior to the date of the meeting. Every proxy shall be in writing and signed by the member or a duly authorized attorney-in-fact and, when filed with the secretary, shall, unless otherwise specified in the proxy, continue in force from year to year until revoked by a writing duly delivered to the secretary or until superseded by subsequent proxies.

Subd. 5. **Quorum.** At an annual meeting or at any special meeting of the members, any number of members present in person or by proxy eligible to be voted constitutes a quorum. A majority of all votes

cast at any meeting of members shall determine any question unless sections 51A.01 to 51A.57 specifically provide otherwise.

History: *1969 c 490 s 9; 1981 c 276 s 12; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.091 [Repealed, 1988 c 666 s 75]

51A.10 MEMBERSHIP CHARGES PROHIBITED.

The mutual association shall not directly or indirectly charge any membership, admission, withdrawal, or any fee or sum of money for the privilege of becoming, remaining, or ceasing to be a member of the mutual association, except charges authorized by this chapter. Except as authorized by this chapter, the mutual association shall not charge any member any sum of money by way of fine or penalty for any cause.

History: *1969 c 490 s 10; 1981 c 276 s 14; 1988 c 666 s 16; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.11 ACCESS TO BOOKS AND RECORDS; COMMUNICATION WITH MEMBERS OR STOCKHOLDERS.

Subdivision 1. **Exclusiveness of access.** The right of inspection and examination of the books and records of an association including those pertaining to loans and accounts shall be limited (1) to the commissioner or duly authorized representatives as provided in sections 51A.01 to 51A.57, (2) to persons duly authorized by the association to act for the association, (3) to affiliates, and (4) to any federal or state instrumentality or agency authorized by the association to inspect or examine the books and records of an insured association. The books and records pertaining to the accounts, loans, and voting rights of depositors, borrowers, or stockholders shall otherwise be kept confidential by such association, its directors, officers, and employees, and by the commissioner, the commissioner's examiners and representatives, except where the disclosure thereof shall be compelled by a court of competent jurisdiction or public authority in accordance with law, and no depositor, borrower, or stockholder or any other person shall have access to the books and records or shall be furnished or shall possess a partial or complete list of the depositors, borrowers, or stockholders except upon authority of the board of directors.

Subd. 2. **Communication with members or stockholders.** In the event, however, that any member, members, stockholder, or stockholders desires to communicate with the other members or stockholders of the association with reference to any question pending or to be presented for consideration at a meeting of the members or stockholders, the association shall furnish upon request a statement of the approximate number of members or stockholders of the association at the time of the request, and an estimate of the cost of forwarding the communication. The requesting member, members, stockholder, or stockholders shall then submit the communication, together with a sworn statement that the proposed communication is not for any reason other than the business welfare of the association, to the commissioner who, if the commissioner finds it to be appropriate, truthful, and in the best interests of the association and its members or stockholders, shall execute a certificate setting out the findings, forward the certificate together with the communication to the association, and direct that the communication be prepared and mailed by the association to the members or stockholders upon the requesting member's, members', stockholder's, or stockholders' payment to it of the expenses of the preparation and mailing. If the commissioner finds the proposed communication to be inappropriate, untruthful, or contrary to the best interests of the association and its members or stockholders, the commissioner shall have the discretion to make any disposition of the request to communicate which the commissioner deems proper and shall execute a certificate setting out the finding and deliver it to the requesting member or stockholder together with an order making disposition of the request.

Subd. 3. [Repealed, 1988 c 666 s 75]

History: *1969 c 490 s 11; 1981 c 276 s 15; 1986 c 444; 1988 c 666 s 17; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.12 FINANCIAL STATEMENT; MUTUAL ASSOCIATIONS.

Every mutual association shall prepare and publish annually within 30 days of the close of the association's fiscal year in a newspaper of general circulation in the county in which the principal office of the association is located, and shall deliver to each member upon application therefor, a statement of its financial condition in the form prescribed or approved by the commissioner.

History: *1969 c 490 s 12; 1981 c 276 s 16; 1988 c 666 s 18; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.13 DIRECTORS OF MUTUAL ASSOCIATIONS.

Subdivision 1. **Composition.** The business of the association shall be directed by a board of directors of not less than five nor more than 15 as determined by, and elected by ballot from among, the members by a plurality of the votes of the members present. If authorized by vote of the members the directors may elect all directors. At all times at least two-thirds of the directors shall be bona fide residents of this state.

Subd. 2. **Qualifications.** Except with the written consent of the commissioner, no member shall be eligible for election or shall serve as a director or officer of an association who has been adjudicated a bankrupt or convicted of a criminal offense involving dishonesty or a breach of trust. A director shall automatically cease to be a director on ceasing to be a member, on being adjudicated a bankrupt, or on being convicted of a criminal offense as herein provided, but no action of the board of directors shall be invalidated through the participation of the director in the action. However, if a director becomes ineligible under the terms of this subdivision by reason of the exercise by the association of the right of redemption of savings accounts provided for in section 51A.34, the director shall remain validly in office until the expiration of the term of office or until the director otherwise becomes ineligible, resigns, or is removed, whichever may occur first.

Subd. 2a. [Repealed by amendment, 1988 c 666 s 19]

Subd. 3. **Classification.** At the first annual meeting, the members shall by majority vote divide the directors into three classes of as nearly equal numbers as possible. The term of office of directors of the first class shall expire at the annual meeting next after the first election; of the second class, one year thereafter; and of the third class, two years thereafter; and at each annual election thereafter directors shall be chosen for a full term of three years to succeed those whose terms expire.

Subd. 4. **Number.** The authorized number of directors determined by the members within the limits hereinabove specified may subsequently be increased or decreased only by vote of the members.

Subd. 5. **Vacancies.** If the members fail to elect a director to fill each vacancy created by any increase, the directors may fill the vacancy by electing a director to serve until the next annual meeting of the members, at which time a director shall be elected to fill the vacancy for the unexpired term for the class of director in which the vacancy exists.

Subd. 6. **Classification.** Whenever under the provisions hereof the number of directors is changed and vacancies caused by the change are filled, the directors so elected shall be classified in accordance with the provisions hereof, so that each of the three classes shall always contain numbers as nearly equal as possible.

Subd. 7. **When vacancy on board of directors of mutual associations may be filled by directors.** Any vacancy among directors, not so filled by the members, may be filled by a majority vote of the remaining directors, though less than a quorum, by electing a director to serve until the next annual meeting of the members, at which time a director shall be elected to fill the vacancy for the unexpired term for the class of director in which the vacancy exists. In event of a vacancy on the board of directors from any cause, the remaining directors shall have full power and authority to continue direction of the association until the vacancy is filled.

History: *1969 c 490 s 13; 1981 c 276 s 17; 1983 c 250 s 14,15; 1986 c 444; 1988 c 666 s 19; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.131 DIRECTORS OF CAPITAL STOCK ASSOCIATIONS.

The duties and qualifications required of directors of capital stock associations are governed by chapter 302A.

History: *1988 c 666 s 20; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1; 2005 c 69 art 3 s 8*

51A.14 INDEMNITY BONDS.

All directors, officers, and employees of an association shall, before entering upon the performance of any of their duties, execute their individual bonds with adequate corporate surety payable to the association as an indemnity for any loss the association may sustain of money or other property by or through any fraud, dishonesty, forgery or alteration, larceny, theft, embezzlement, robbery, carjacking, burglary, holdup, wrongful or unlawful abstraction, misapplication, misplacement, destruction or misappropriation, or any other dishonest or criminal act or omission by any such director, officer, employee, or agent. Associations which employ collection agents, who for any reason are not covered by a bond as hereinabove required, shall provide for the bonding of each such agent in an amount equal to at least twice the average monthly collection of such agent. Such agents shall be required to make settlement with the association at least monthly. No bond coverage will be required of any agent which is a financial institution insured by the Federal Deposit Insurance Corporation or by the federal savings and loan insurance corporation. The amounts and form of such bonds and sufficiency of the surety thereon shall be approved by the board of directors and by the commissioner. In lieu of individual bonds, a blanket bond, protecting the association from loss through any such act or acts on the part of any such director, officer, or employee, may be obtained. Such bonds shall provide that a cancellation thereof either by the surety or by the insured shall not become effective unless and until ten days' notice in writing first shall have been given to the commissioner unless the commissioner shall have approved such cancellation earlier.

History: *1969 c 490 s 14; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1; 2023 c 52 art 20 s 1*

51A.15 TRANSACTIONS OF OFFICERS AND DIRECTORS.

Subdivision 1. **Fiduciary relationships.** Directors and officers occupy a fiduciary relationship to the association of which they are directors or officers, and no director or officer shall engage or participate, directly or indirectly, in any business or transaction conducted on behalf of or involving the association, which would result in a conflict of personal interests with those of the association which that person serves, unless such business or transactions are conducted in good faith and are honest, fair, and reasonable to the association; a full disclosure of such business or transactions and the nature of the director's or officer's interest is made to the board of directors; such business or transactions are approved in good faith by the board of directors, any interested director abstaining, and such approval is recorded in the minutes; any

profits inuring to the officer or director are not at the expense of the association and do not prejudice the best interests of the association in any way; and such business or transaction does not represent a breach of the officer's or director's fiduciary duty and is not fraudulent, illegal, or ultra vires; and without limitation by any of the specific provisions of any of the subdivisions hereof, the commissioner may require the disclosure by directors, officers, and employees of their personal interest directly or indirectly in any business or transactions on behalf of or involving the association and of their control of or active participation in enterprises having activities related to the business of the association. The following restrictions governing the conduct of directors and officers expressly are specified, but such specification is not to be construed in any manner as excusing such persons from the observance of any other aspect of the general fiduciary duty owed by them to the association which they serve.

Subd. 2. **Dual status.** No officer or director of an association shall hold office or status as a director or officer of another nonaffiliated financial institution the principal office of which is located in the association's primary lending area; except such directors or officers who are holding office at the time of the adoption of sections 51A.01 to 51A.57, and such directors or officers may continue to be reelected for two additional terms.

Subd. 3. **Remuneration.** No director shall receive remuneration as director except reasonable fees for service as a director or for service as a member of a committee of directors, except that nothing herein contained shall be deemed to prohibit or in any way to limit any right of a director who is also an officer or employee of or attorney for the association to receive compensation for service as an officer, employee, or attorney.

Subd. 4. **Loans.** No director or officer shall have any interest, directly or indirectly, in the proceeds of a loan or investment or of a purchase or sale made by the association, unless such loan, investment, purchase, or sale is authorized expressly by resolution of the board of directors, and unless such resolution is approved by vote of at least two-thirds of the directors authorized of the association, any interested director taking no part in such vote.

Subd. 5. **Savings.** No director or officer shall have any interest, direct or indirect, in the purchase at less than its face value of any evidence of a savings account, deposit, or other indebtedness issued by the association.

Subd. 6. **Coercion.** No director, association, or officer thereof shall require, as a condition of the granting of any loan or the extension of any other service by the association, that the borrower or any other person undertake a contract of insurance or any other agreement, or understanding with respect to the furnishing of any other goods or services, with any specific company, agency, or individual.

Subd. 7. **Voting rights; office.** No officer or director acting as proxy for a member or stockholder of an association shall exercise, transfer, or delegate the vote or votes in any consideration of a private benefit or advantage, direct or indirect, accruing to that person, nor surrender control or pass that person's office to any other for any consideration of a private benefit or advantage, direct or indirect. The voting rights of members, stockholders, and directors shall not be the subject of sale, barter, exchange, or similar transaction, either directly or indirectly. Any officer or director who violates the provisions of this section shall be held accountable to the association for any increment.

Subd. 8. **Inducements.** No director or officer shall solicit, accept, or agree to accept, directly or indirectly, from any person other than the association any gratuity, compensation, or other personal benefit for any action taken by the association or for endeavoring to procure any such action.

Subd. 9. **Penalty.** Any violation of the provisions of this section is punishable as a misdemeanor.

History: *1969 c 490 s 15; 1971 c 387 s 5; 1981 c 276 s 18; 1986 c 444; 1988 c 666 s 21; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.16 DEPOSITORIES.

No association shall deposit any of its funds except with a depositary approved by a vote of a majority of the directors authorized of the association, any director who is an officer, partner, director, or trustee of the depository so designated taking no part in such vote.

History: *1969 c 490 s 16; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.17 INDEMNIFICATION OF OFFICERS, DIRECTORS AND EMPLOYEES.

The indemnification of officers, directors, and employees of associations is governed by section 302A.521.

History: *1969 c 490 s 17; 1986 c 444; 1988 c 666 s 22; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1; 2005 c 69 art 3 s 9*

51A.18 [Repealed, 1988 c 666 s 75]

51A.19 RECORDS.

Subdivision 1. **Records to be kept at home office.** Every association shall keep at the home office correct and complete books of account and minutes of the proceedings of members, directors, stockholders, and the executive committee. Complete records of all business transacted at the home office shall be maintained at the home office. Control records of all business transacted at other offices shall be maintained at the home office.

Subd. 2. [Repealed, 1988 c 666 s 75]

Subd. 3. [Repealed, 1988 c 666 s 75]

Subd. 4. **Books to be closed at least annually.** Every association shall close its books at the close of business on December 31 of each year, or more often if desired by the association.

Subd. 5. **Charging off or setting up reserves against bad assets.** The commissioner may order that assets, individually or in the aggregate, to the extent that such assets are overvalued on an association's books, be charged off, or that a special reserve or reserves equal to such overvaluation be set up by transfers from undivided profits or reserves.

Subd. 6. **Bonds and other obligations to be carried at cost.** The bonds or other interest bearing obligations purchased by an association shall not be carried on its books at more than the cost thereof.

Subd. 7. **Real estate to be carried at amount invested in same.** An association shall not carry any real estate on its books at a sum in excess of the total amount invested by such association on account of such real estate, including advances, costs, and improvements but excluding accrued but uncollected interest.

Subd. 8. **Appraisal of real estate owned and that securing delinquent loans.** Every association shall have appraised each parcel of real estate at the time of acquisition. The report of each appraisal shall be kept in the records of the association. In addition to the powers under section 51A.44, subdivision 6, the commissioner may require the appraisal of real estate securing loans which are delinquent more than four months.

Subd. 9. **Maintenance of loan and investment records.** Every association shall maintain complete loan and investment records, and shall do so in a manner satisfactory to the commissioner. Detailed records necessary to make determinations of compliance by an association with the requirements of sections 47.59 and 51A.35 to 51A.386, and other provisions of sections 51A.01 to 51A.57 shall be maintained consistently and at all times, the record of each real estate loan or other secured loan or investment containing documentation to the satisfaction of the commissioner of the type, adequacy, and complexion of the security.

Subd. 10. **Maintenance of membership records.** Every mutual association shall maintain membership records, which shall show the name and address of the member, the status of the member as a savings account holder, or an obligor, or a savings account holder and obligor, and the date of membership thereof. In the case of members holding a savings account the mutual association shall obtain a savings account contract containing the signature of each holder of such account or a duly authorized representative, and shall preserve such contract in the records of the association.

Subd. 11. **Maintenance of stockholder records; report to commissioner.** Every capital stock association shall at all times keep an accurate verified list of all its stockholders with the amount of stock held by each, the type of stock, voting status, the dates of all issuances and transfers, and names of transferees, and shall annually file a copy of the list as it appears on the date of the annual stockholders meeting with the commissioner. A capital stock association has the power to employ the services of a transfer agent to maintain stockholder records and perform stock transfer services. Whenever a change occurs in the outstanding voting stock of any capital stock association which will result in control or in a change in the control of the association it shall promptly report the facts to the commissioner of commerce. As used in this subdivision the term "control" means the power to directly or indirectly direct or cause the direction of the management or policies of the association. A change in ownership of capital stock which would result in direct or indirect ownership by a stockholder or an affiliated group of stockholders of less than 25 percent of the outstanding capital stock shall not be considered a change of control. If there is any doubt as to whether a change in the outstanding voting stock is sufficient to result in control thereof or to effect a change in control thereof, the doubt shall be resolved in favor of reporting the facts to the commissioner.

Subd. 12. **Commissioner may require forms and other records.** Every association shall use the forms and keep the records, including without limitation, those of its members or stockholders, the commissioner from time to time requires.

Subd. 13. **Reproduction and destruction of records.** Any association may cause any or all records kept by the association to be copied or reproduced by any photostatic, photographic, or microfilming process which correctly and permanently copies, reproduces, or forms a medium for copying or reproducing the original record on a film or other durable material, and the association may thereafter dispose of the original record. Any copy or reproduction shall be deemed to be an original record for all purposes and shall be treated as an original record in all courts or administrative agencies for the purpose of its admissibility in evidence. A facsimile, exemplification, or certified copy of any copy or reproduction reproduced from a film record shall, for all purposes, be deemed a facsimile, exemplification or certified copy of the original record.

History: *1969 c 490 s 19; 1976 c 196 s 7; 1981 c 276 s 19-22; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1988 c 666 s 23-25; 1989 c 209 art 2 s 1; 1995 c 202 art 3 s 7; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.20 RESERVE ACCOUNTS; SURPLUS AND UNDIVIDED PROFITS.

Subdivision 1. **Mutual associations.** Every association shall set up and maintain the reserves required by, and may set up and maintain additional reserves permitted by, sections 51A.01 to 51A.57. On or before the closing date of each accounting period, after payment of or provision for all expenses, each association shall transfer to a separate reserve account, which shall be set up and maintained for the sole purpose of absorbing losses (termed in sections 51A.01 to 51A.57 "general reserve"), an amount equal to at least ten percent of its net income or, in the case of an association which at the close of the period has assets in excess of $20,000,000 or which has done business as a savings association in this state for more than 20 years, the greater of ten percent of its net income or an amount equal to the difference between four percent of its assets, excluding liquid assets, at the end of the period and the amount of its general reserve at the beginning of the period, until the general reserve is equal to at least ten percent of the savings liability. Upon advance written application of an association, the commissioner has sole discretionary authority to approve the transfer to the general reserve of a lesser amount for the period; provided, that the reduction shall not be greater than that of federal regulations. In the event that any credit to the general reserve is made following July 1, 1969, in excess of the minimum requirement, the dollar amount of any excess may be carried over as a credit toward the minimum requirement of any subsequent period. If and whenever the general reserve is not equal to at least ten percent of its savings liability, credits, as above provided, shall again be made to the general reserve until it shall again be equal to at least ten percent of its savings liability. The board of directors may make additional transfers to surplus or other reserve accounts. Interest receivable on all loans shall be accrued monthly and an evaluation account shall be maintained equivalent to all accrued and uncollected interest. On or before each closing date, after payment or provision for all expenses and appropriate transfers to reserves, the remainder of net income for the period shall be credited to the undivided profits account.

Subd. 2. **Capital stock associations.** At the end of each dividend period, after deducting all necessary expenses and losses, all of the remaining net profits for the period shall be set aside as a surplus fund provided the surplus fund of the association is not equal to at least 25 percent of outstanding capital stock. If the surplus fund is equal to or exceeds 25 percent of outstanding capital stock, ten percent of the remaining net profits for the period shall be set aside as a surplus fund until it equals 50 percent of the capital stock. The directors may then declare a dividend of so much of the remainder as they may deem expedient, subject to the commissioner's approval.

History: *1969 c 490 s 20; 1981 c 276 s 23; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.21 POWERS OF ASSOCIATION.

Subdivision 1. **Generally.** Every association incorporated pursuant to or operating under the provisions of sections 51A.01 to 51A.57 shall have all the powers enumerated, authorized, and permitted by sections 51A.01 to 51A.57 and such other rights, privileges, and powers as may be incidental to or reasonably necessary or appropriate for the accomplishment of the objects and purposes of the association, and in addition shall have those powers possessed by corporations organized under chapter 302A. Among others, and except as otherwise limited by the provisions of sections 51A.01 to 51A.57, every association shall have the powers set forth in this section.

Subd. 2. **Existence; seal; bylaws.** To have perpetual existence; to adopt and use a corporate seal, which may be affixed by imprint, facsimile, or otherwise; and to adopt and amend bylaws as provided in sections 51A.01 to 51A.57.

Subd. 3. **Plaintiff; defendant.** To sue and be sued, complain and defend in any court of law or equity.

Subd. 4. **Property transfers.** To acquire, hold, sell, dispose of and convey real and personal estate consistent with its objects and powers; to mortgage, pledge, or lease any real or personal estate; and to take property by gifts, devise, or bequest.

Subd. 5. **Borrowing.** To borrow from sources, individual or corporate, not more than an aggregate amount equal to one-half of its total assets on the date of borrowing and additional sums the commissioner approves. The advance written approval of the commissioner, who has sole discretionary authority to grant or withhold such approval, is required for sources of borrowing other than financial institutions or federal home loan banks. A subsequent reduction of total assets shall not affect in any way outstanding obligations for borrowed money. All borrowing under this subdivision may be secured by property of the association, and may be evidenced by notes, bonds, debentures, commercial paper, bankers' acceptances, or other obligations or securities, (except capital stock and capital certificates).

Subd. 6. [Repealed, 1988 c 666 s 75]

Subd. 6a. **Loans and contracts.** To make, sell, purchase, invest in, and participate or otherwise deal in loans and conditional sale contracts and other forms of indebtedness and leases, and to take any manner of security for the loans and contracts.

Subd. 6b. **Business property.** To acquire or own real property or interests in real property the directors consider necessary or convenient for the conduct of the business of the association, which for the purposes of sections 51A.01 to 51A.57 includes the ownership of stock of a wholly owned subsidiary corporation having as its exclusive activity the ownership and management of this property or interests. The amount so invested must not exceed the sum equal to five percent of net assets of the association, provided that the commissioner may authorize a greater amount to be so invested.

Subd. 7. **Insurance of accounts.** To obtain and maintain insurance of its savings accounts by the Federal Savings and Loan Insurance Corporation or any other federal agency established for the purpose of insuring savings accounts in associations.

Subd. 8. **Federal home loan bank membership.** To qualify as and become a member of a federal home loan bank.

Subd. 9. **Employees.** To appoint and remove officers, agents, and employees as its business shall require and to provide them suitable compensation; to provide for life, health, and casualty insurance for officers and employees, and to adopt and operate reasonable bonus plans and retirement benefits for such officers and employees; and to provide for indemnification of its officers, employees, and directors as prescribed or permitted in sections 51A.01 to 51A.57 whether by insurance or otherwise.

Subd. 10. **Facilitating organizations.** To become a member of, deal with, or make reasonable payments or contributions to any organization to the extent such organization assists in furthering or facilitating the association's purposes, powers, or community responsibilities, and to comply with any reasonable conditions of eligibility.

Subd. 11. **Safe deposit boxes.** To maintain and let safes, boxes, or other receptacles for the safekeeping of personal property upon such terms and conditions as may be agreed upon, other statutory provisions withstanding.

Subd. 12. **Money orders.** To sell money orders, travel checks, and similar instruments, or as agent for any organization empowered to sell such instruments through agents within this state.

Subd. 13. **Fiscal agent.** If and when an association is a member of a federal home loan bank, to act as fiscal agent of the United States, and, when so designated by the Secretary of the Treasury, to perform, under such regulations as the secretary may prescribe, all such reasonable duties as fiscal agent of the United States as the secretary may require; and to act as agent for any instrumentality of the United States and as agent of this state or any instrumentality thereof.

Subd. 14. **Servicing.** To service loans and investments for others.

Subd. 15. **Savings, loans, investments.** To acquire deposits and pay earnings thereon, and to lend and commit to lend, extend credit, and invest its funds as provided in sections 51A.01 to 51A.57.

Subd. 16. [Repealed, 1982 c 473 s 30]

Subd. 16a. [Repealed, 1982 c 473 s 30]

Subd. 17. **Agency.** To act as agent or holder of an escrow for others in any transaction incidental to the operation of its business.

Subd. 18. **Treasury tax and loan accounts of the United States.** 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 the Treasury of the United States.

Subd. 19. [Repealed, 1988 c 666 s 75]

Subd. 20. **Capital certificates.** To issue and sell, directly or through underwriters, capital certificates which shall represent nonwithdrawable capital contributions, and constitute part of the reserves and net worth of the association. The certificates shall have no voting rights, shall be subordinate to all savings accounts, debt obligations, and claims of creditors of the association and shall constitute a claim in liquidation against any reserves, surplus, and other net worth accounts remaining after the payment in full of all savings accounts, debt obligations, and claims of creditors. The capital certificates shall be entitled to the payment of earnings prior to the allocation of any income to surplus or other net worth accounts of the association and may be issued with a fixed rate of earnings or with a prior claim to distribution of a specified percentage of any net income remaining after required allocations to reserves, or a combination thereof. Losses shall be charged against capital certificates only after reserves, surplus, and other net worth accounts have been exhausted.

Subd. 21. **Dividends on capital stock.** To declare and pay dividends on capital stock in cash or property out of the unreserved and unrestricted earned surplus of the association, or its own shares from time to time except when the association has failed within the preceding 12 months to make any minimum allocation to surplus or reserve accounts required by section 51A.20 or to maintain any minimum required level, and except when the association is in an impaired condition or when the payment thereof would cause the association to be in an impaired condition.

Subd. 22. **Limited trusteeship.** To act and receive compensation as trustee of a trust created or organized in the United States and forming a part of a stock bonus, pension, or profit-sharing plan that qualifies or is qualified for specific tax treatment under section 401 of the Internal Revenue Code of 1986, as amended through December 31, 1987, and to act as trustee or custodian of an individual retirement account within the meaning of section 408 of that code if the funds of the trust or account are invested only in savings accounts of the association or in obligations or securities issued by the association. All funds held in a fiduciary capacity by the association under the authority of this subdivision may be commingled and consolidated for appropriate purposes of investment if records reflecting each separate beneficial interest are maintained by the fiduciary unless the responsibility is lawfully assumed by another appropriate party.

Subd. 23. **Automated teller machines.** To own or use automated teller machines and establish electronic financial terminals and transmission facilities as provided in sections 47.61 to 47.74.

Subd. 24. **Payroll savings.** To contract with an employer with respect to the following:

(1) Soliciting, collecting, and receiving savings by payroll deduction. These savings are to be credited to a designated account of an employee who may voluntarily participate in a payroll deduction plan.

(2) Direct deposit of wages or salary paid by the employer to an employee's account in a financial depository institution. Deposits may be made by electronic or other medium. Direct deposits may be made if the employee authorizes the deposits in writing and designates the association or other financial depository institution as the recipient of these deposits.

Subd. 25. **Drafts.** To issue drafts and similar instruments drawn on the association to aid in effecting withdrawals and for other purposes of the association.

Subd. 26. **Deposits.** To raise funds in the form of (1) savings accounts; (2) time deposit accounts; (3) NOW accounts; (4) demand deposit accounts; and (5) treasury tax and loan accounts.

Subd. 27. **Trust powers.** Upon application and approval by the commissioner, to act as trustee, executor, administrator, personal representative, conservator, custodian, guardian, or in any other fiduciary capacity in which state banks, trust companies, or other corporations are permitted to act, and to receive reasonable compensation therefore.

Subd. 28. **Service charges.** To contract with depositors for service charges in connection with the opening and maintaining of deposit accounts and for providing services ancillary to the opening and maintaining of deposit accounts. Service charges are a matter of contract between the association and the depositor, and any such contract is fully enforceable according to its stated terms.

History: *1969 c 490 s 21; 1971 c 136 s 1; 1978 c 747 s 2; 1978 c 748 s 1; 1980 c 512 s 3; 1980 c 522 s 2; 1981 c 276 s 24-26; 1Sp1981 c 1 art 9 s 3; 1986 c 444; 1988 c 666 s 26-41; 1995 c 171 s 64; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1; 2005 c 69 art 3 s 10*

51A.22 SAVINGS LIABILITY.

Subdivision 1. **Operation of savings liability.** The savings liability of an association shall consist only of the aggregate amount of savings accounts, plus earnings credited to the accounts, less redemption and withdrawal payments. Except as limited by the board of directors from time to time, additions may be made to an account holder's savings accounts in the amounts and at times the account holder elects. Savings accounts may be opened for cash or property in which the association is authorized to invest, and, in the absence of fraud in the transaction, the value of the property taken in payment therefor as determined by the board of directors shall be conclusive. The account holders of an association shall not be responsible for any losses which its savings liability shall not be sufficient to satisfy, and savings accounts shall not be subject to assessment, nor shall the holders thereof be liable for any unpaid installments on their accounts. Earnings shall be declared in accordance with the provisions of sections 51A.01 to 51A.57. Except as provided in section 51A.32, no association shall prefer one of its savings accounts over any other savings account as to the right to participate in earnings. No preference between savings account holders shall be created with respect to the distribution of assets upon voluntary liquidation, dissolution, or winding up of an association. No association shall issue, sell, negotiate, or advertise for issuance or sale to savings account holders any type of savings or investment media other than savings accounts, nor shall it contract with respect to the savings liability in a manner inconsistent with the provisions of sections 51A.01 to 51A.57.

Subd. 2. **Amount of savings liability.** The savings liability of a mutual association is not limited. The savings liability of a stock association shall not exceed a sum which is 30 times the amount of its capital stock and its actual surplus. For purposes of this subdivision capital certificates outstanding pursuant to section 51A.21, subdivision 20, may be included in the definition of capital stock.

History: *1969 c 490 s 22; 1981 c 276 s 27; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.23 SAVINGS ACCOUNT.

Subdivision 1. **Ownership.** Trust funds received by a real estate broker or the broker's salespersons in trust may be deposited in a savings association. Deposit accounts shall be represented only by the account of each deposit account holder on the books of the association, and the accounts or any interest therein shall be transferable only on the books of the association and upon proper written application by the transferee. The association may treat the holder of record of a savings account as the owner of it for all purposes without being affected by any notice to the contrary unless the association has acknowledged in writing notice of a pledge of the deposit account. Notwithstanding the foregoing, an association or federal association may offer negotiable time deposits.

An association may issue deposit accounts to or in the name of a minor, which 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 dividends thereon, shall be paid to the minor, and receipt or acquittance in any form, shall be sufficient release and discharge of the association for withdrawal, until a guardian appointed in this state for the minor shall have delivered a certificate of appointment.

Subd. 2. [Repealed, 1988 c 666 s 75]

Subd. 3. [Repealed, 1988 c 666 s 75]

Subd. 4. [Repealed, 1988 c 666 s 75]

Subd. 5. [Repealed, 1988 c 666 s 75]

Subd. 6. **Insurance of accounts.** Every association incorporated pursuant to or operating under the provisions of sections 51A.01 to 51A.57 shall at all times maintain in effect insurance of its savings accounts by the Federal Savings and Loan Insurance Corporation, an agency of this state or other federal agency established for the purpose of insuring savings accounts in associations. An association which fails to meet this requirement for insurance of its savings accounts shall either dissolve, merge or consolidate with another association which is insured by the Federal Savings and Loan Insurance Corporation, an agency of this state or a federal agency established for the purpose of insuring savings accounts in associations.

Subd. 7. **Insurance of accounts in new associations.** No association shall be issued a certificate of approval by the commissioner of commerce after April 10, 1976, unless such association has obtained a commitment for insurance of its deposits by the Federal Savings and Loan Insurance Corporation or any agency of this state or any federal agency established for the purpose of insuring savings accounts in associations.

History: *1969 c 490 s 23; 1971 c 136 s 3; 1971 c 387 s 6; 1976 c 219 s 1,2; 1982 c 473 s 17; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1986 c 444; 1987 c 105 s 1; 1988 c 666 s 42; 1995 c 202 art 1 s 25; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.24 CONTRACTS FOR SCHOOL SAVINGS PROGRAMS.

An association may contract with the proper authorities of any public or nonpublic elementary or secondary school or institution of higher learning, or any public or charitable institution caring for minors, for the participation and implementation by the association in any school or institutional thrift or savings plan, and it may accept savings accounts at such a school or institution, either by its own collector or by any representative of the school or institution which becomes the agent of the association for such purpose.

History: *1969 c 490 s 24; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.25 [Repealed, 1984 c 603 s 29]

51A.251 MARRIED PERSONS AND MINORS.

An association may issue deposit accounts or negotiable order of withdrawal accounts to any married person or minor as the sole and absolute owner of the account, and receive payments thereon by or for the other, and pay withdrawals or drafts, accept pledges to the association, and act in any other manner with respect to the accounts on the order of the married person or minor. Any payment or delivery of rights to a married person or to any minor, or a receipt of or acquisition signed by a married person or by a minor who holds an account, shall be a valid and sufficient release and discharge of the association for any payment so made or delivery of rights to the married person or minor. In the case of a minor, the receipt, acquittance, pledge or other action required by the association to be taken by the minor shall be binding upon the minor as if the minor were of full age and legal capacity. The parent or guardian of the minor shall not in the capacity as parent or guardian have the power to attach or in any manner to transfer any account issued to or in the name of the minor; provided, however, that in the event of the death of the minor the receipt or acquittance of either parent or of a person standing in loco parentis to the minor shall be a valid and sufficient discharge of the association for any sum or sums not exceeding in the aggregate $2,500 unless the minor shall have given written notice to the association to accept the signature of the parent or person.

History: *1981 c 276 s 28; 1986 c 444; 1988 c 666 s 43; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.26 [Repealed, 1985 c 292 s 22]

51A.261 DEPOSITS IN NAME OF MINOR.

A deposit made at an association 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 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 has delivered a certificate of appointment to the depository.

History: *1985 c 292 s 3; 1988 c 666 s 44; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.262 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 association are determined by chapter 528.

History: *1985 c 292 s 4; 1988 c 666 s 45; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.27 PLEDGE TO ASSOCIATION OF SAVINGS ACCOUNTS IN JOINT TENANCY.

The pledge or hypothecation to any association or federal association of all or part of a savings account in joint tenancy signed by any tenant or tenants whether minor or adult, upon whose signature or signatures withdrawals may be made from the account shall, unless the terms of the savings account provide specifically to the contrary, be a valid pledge and transfer to the association of that part of the account pledged or hypothecated, and shall not operate to sever or terminate the joint and survivorship ownership of all or any part of the account.

History: *1969 c 490 s 27; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.28 ACCOUNTS OF ADMINISTRATORS, EXECUTORS, GUARDIANS, CUSTODIANS, TRUSTEES, AND OTHER FIDUCIARIES.

Any association may accept deposit accounts in the name of any administrator, executor, custodian, conservator, guardian, trustee, or other fiduciary for a named beneficiary or beneficiaries. Any such fiduciary shall have power to vote as a member in a mutual association as if the membership were held absolutely, to open and to make additions to, and to withdraw any such account in whole or in part. The withdrawal value of any such account, and earnings thereon, or other rights relating thereto may be paid or delivered, in whole or in part, to such fiduciary without regard to any notice to the contrary as long as such fiduciary is living. The payment or delivery to any such fiduciary or a receipt or acquittance signed by any such fiduciary to whom any such payment or any such delivery of rights is made shall be a valid and sufficient release and discharge of an association for the payment or delivery so made. Whenever a person holding an account in a fiduciary capacity dies and no written notice of the revocation or termination of the fiduciary relationship shall have been given to an association and the association has no written notice of any other disposition of the beneficial estate, the withdrawal value of such account, and earnings thereon, or other rights relating thereto may, at the option of an association, be paid or delivered, in whole or in part, to the beneficiary or beneficiaries. The payment or delivery to any such beneficiary, beneficiaries, or designated person, or a receipt or acquittance signed by any such beneficiary, beneficiaries, or designated person for any such payment or delivery shall be a valid and sufficient release and discharge of an association for the payment or delivery so made. This section does not apply to a P.O.D. account under chapter 528.

History: *1969 c 490 s 28; 1985 c 292 s 5; 1988 c 666 s 46; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.29 ACCOUNTS OF INCOMPETENTS.

When a savings account is held in any association or federal association by a person who becomes incompetent and an adjudication of incompetency has been made by a court of competent jurisdiction, such an association may pay or deliver the withdrawal value of such savings account and any earnings that may have accrued thereon to the guardian for such person upon proof of appointment and qualification; provided that if such association has received no written notice and is not on actual notice that such savings account holder has been adjudicated incompetent, it may pay or deliver such funds to such holder in accordance with the provisions of the savings account contract, and the receipt or acquittance of such holder therefor shall be a valid and sufficient release and discharge of the association for the payment or delivery so made.

History: *1969 c 490 s 29; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.30 ACCOUNTS OF DECEASED NONRESIDENTS.

When a savings account is held in any association or federal association by a person residing in another state or country, the account, together with additions thereto and earnings thereon, or any part thereof, shall

be exempt from any taxation otherwise imposed by this state and may be paid to the administrator or executor appointed in the state or country where the account holder resided at the time of death provided such administrator or executor has furnished the association with (1) authenticated copies of the letters and of the order of the court which issued the letters authorizing that person to collect, receive, and remove the personal estate, and (2) an affidavit by the administrator or executor that to that person's knowledge no letters then are outstanding in this state and no petition for letters by an heir, legatee, devisee, or creditor of the decedent is pending on the estate in this state, and that there are no creditors of the estate in this state. Upon payment or delivery to such representative after receipt of the affidavit and authenticated copies, the association is released and discharged to the same extent as if the payment or delivery had been made to a legally qualified resident executor or administrator, and is not required to see to the application or disposition of the property. No action at law or in equity shall be maintained against the association for payment made in accordance with this section.

History: *1969 c 490 s 30; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.31 SAVINGS ACCOUNTS AS LEGAL INVESTMENTS.

Subdivision 1. **Legal investments.** Administrators, executors, custodians, conservators, guardians, trustees, and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, trust companies, credit unions, and other types of similar financial organizations, charitable, educational, eleemosynary and such public corporations as are authorized by law, funds, and organizations, are specifically authorized and empowered to invest funds held by them, without any order of any court, in savings accounts of associations, and such investments shall be deemed and held to be legal investments for such funds.

Subd. 2. **Provisions supplemental.** The provisions of this section are supplemental to any and all other laws relating to and declaring what shall be legal investments for the persons, fiduciaries, corporations, organizations, and officials referred to in this section.

History: *1969 c 490 s 31; 1988 c 666 s 47; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.32 EARNINGS.

Subdivision 1. **Mutual association.** A mutual association may pay earnings on its savings accounts from sources available for payment of earnings at such rate and at such times and for such time or notice periods as shall be determined by resolution of its board of directors. All deposit account holders shall participate equally in earnings pro rata to the withdrawal value of their respective accounts, except that an association may classify its deposit accounts according to the character, amount, or duration thereof, or regularity of additions thereto, and may agree in advance to pay an additional or different rate of earnings not to exceed one percent over and above the rate of earnings paid on all deposit accounts on accounts based on such classification, and shall regulate such earnings in such manner that each deposit account in the same classification shall receive the same ratable portion of such additional earnings, except for accounts which shall be classified according to a specified contractual time or notice period. Earnings shall be declared on the withdrawal value of each deposit account at the beginning of the accounting period, plus additions thereto made during the period (less amounts previously withdrawn and noticed for withdrawal, which for earnings purposes shall be deducted from the latest previous additions thereto) computed at the declared rate for the time the funds have been invested, determined as next provided. The date of investment shall be the date of actual receipt by the association of an account or an addition to an account, except that if the board of directors shall so determine, accounts in one or more classifications or additions thereto received by the association on or before a date not later than the 20th day of the month in which such payments were received;

if the board shall make such determination, it also shall determine that payments received subsequent to such determination date shall either (1) receive earnings as if invested on the first day of the next succeeding month, or (2) receive earnings from the date of actual receipt by the association. Unless the commissioner shall issue approval in writing, no earnings shall be declared or paid for an accounting period unless the allocation to the general reserve for the preceding accounting period required by section 51A.20 or approved by the commissioner thereunder has been made. Notwithstanding the provisions of the second sentence of this section, the board of directors, by resolution, may determine that earnings shall not be paid on any deposit account which has a withdrawal value of a specified amount less than $50 or which by written agreement is intended to be closed within a specified period less than 15 months from the date on which the account is opened, provided that an exception may be made and earnings paid on deposit accounts opened pursuant to section 51A.24. The directors shall determine by resolution the method of calculating the amount of any earnings on savings accounts as herein provided, and the time or times when earnings are to be declared, paid, or credited.

Subd. 2. **Capital stock associations.** A capital stock association may pay interest, if any, on its savings accounts in accordance with the terms of the account contract.

History: *1969 c 490 s 32; 1986 c 444; 1988 c 666 s 48; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.33 WITHDRAWAL.

Any savings account member or authorized representative may at any time present a written application for withdrawal of all or any part of the member's savings accounts. Every application shall request immediate withdrawal of a stated amount in accordance with this section. Any member may cancel an application at any time in whole or in part by a writing. Every association shall pay or number, date, and file in the order of actual receipt every withdrawal application. Withdrawals shall be made in the order of actual receipt of applications, except as provided in this section. Upon receipt of a withdrawal request signed by the person or persons authorized to withdraw by the savings account contract or by operation of law, an association shall pay the amount stated thereon in the form of cash or one or more checks or similar instruments payable to the order of any person or to the order of others as directed, or transfer credits to the account or accounts of others in the institution as directed, but not in excess of the withdrawal value of the savings account or accounts, together with any earnings which may have been declared and may have accrued thereon for the current period. If an association so elects, it may at any time pay in full each and every application as presented. It shall not, however, pay some in full unless it pays every application on file in full, except by paying all applications on file on the rotation system prescribed in this section. The board of directors, however, shall have an absolute right to pay upon any application not exceeding $200 to any one savings account member in any one month in any order. No association can obligate itself to pay withdrawals on any plan other than as provided in sections 51A.01 to 51A.57. Savings account holders who have filed written applications for withdrawal shall remain savings account members so long as their applications remain on file. No earnings shall be declared upon that portion of an account which has been noticed for withdrawal, which for earnings purposes is required to be deducted from the latest previous additions to such account, so long as application is on file. The rotation system for payment of withdrawals is as follows: On the first day of each month, each application which has been on file since the first day of the preceding month and which is reached in order shall be paid $1,000 on account, or in full if the amount noticed for withdrawal or the unpaid balance of the application is less than $1,000. Each application for more than $1,000 so paid shall be deemed refiled as if filed on that day. Limited payment on the first day of each month and renumbering shall take place on the first day of each subsequent month as long as there are applications unpaid. At least one-third of the receipts of an association from its members during the preceding calendar

month shall be applied on the first day of each month to the payment of applications which have been on file since the first day of the preceding month. Any association may apply to withdrawals an amount larger than one-third of the receipts, but cannot obligate itself to do so. When an application to withdraw is reached for payment as above provided, a written notice shall be sent to the applicant by mail at the last address recorded on the books, and unless the applicant shall apply in person or in writing for the withdrawal within 30 days from the date of the notice, no payment on account of the application shall be made and the application shall be canceled. In no event shall an association voluntarily or involuntarily delay or postpone the whole or partial payment of the value of any savings account pursuant to a written withdrawal application by a savings account member for a period exceeding 30 days following the receipt of the application without first securing written permission, in the case of an association the accounts of which are not insured by the federal savings and loan insurance corporation, from the commissioner, or in the case of an association the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, from the corporation. If the association is under control of a conservator appointment pursuant to section 51A.45, subdivision 2, withdrawal shall be governed by the lawful rules and orders of the conservator.

History: *1969 c 490 s 33; 1981 c 220 s 13; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.34 REDEMPTION.

At any time funds are on hand for the purpose, the association shall have the right to redeem by lot or otherwise, as the board of directors may determine, all or any part of any of its savings accounts on an earnings date by giving 30 days' notice by certified mail addressed to each affected account holder at the last address of the account holder as recorded on the books of the association. No association shall redeem any of its savings accounts when the association is in an impaired condition or when it has applications for withdrawal which have been on file more than 30 days and have not been reached for payment. The redemption price of savings accounts redeemed shall be full value of the account redeemed, as determined by the board of directors, but in no event shall the redemption price be less than the withdrawal value. If the aforesaid notice of redemption shall have been duly given, and if on or before the redemption date the funds necessary for such redemption shall have been set aside so as to be and continue to be available therefor, earnings upon the accounts called for redemption shall cease to accrue from and after the earnings date specified as the redemption date, and all rights with respect to such accounts shall forthwith, after such redemption date, terminate, except only any right of the account holder of record to receive the redemption price without interest.

History: *1969 c 490 s 34; 1978 c 674 s 60; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.35 INVESTMENT IN SECURITIES.

Associations shall have power to invest in securities as follows:

(1) without limit, in obligations of, or obligations which are fully guaranteed as to principal and interest by, the United States or this state or the political subdivision of this state in stock or obligations of any federal home loan bank or banks; in stock or obligations of the federal savings and loan insurance corporation; in demand, time, or savings deposits, shares or accounts, or other obligations of any financial institution the accounts of which are insured by a federal agency; and

(2) not in excess of 25 percent of its assets in (i) bonds, notes, or other evidences of indebtedness which are a general obligation of, or guaranteed as to principal and interest by, any agency or instrumentality of the United States not specified in clause (1) or of this state, or any city, town, county, district, or other

municipal corporation or political subdivision of this state, or any instrumentality or authority of any one or more of the foregoing; (ii) capital stock, obligations, or other securities of service organizations, provided that the aggregate of such investments shall not thereupon exceed three percent of its liabilities.

History: *1969 c 490 s 35; 1973 c 123 art 5 s 7; 1988 c 666 s 49; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.36 [Repealed, 1981 c 182 s 6]

51A.361 RESERVES.

An association shall maintain reserves in the form of liquid assets, as defined in section 51A.02, subdivision 34, at a level reasonably necessary to meet anticipated withdrawals, commitments, and loan demand. The commissioner of commerce may prescribe the required amount of reserves for any individual association from time to time based upon examination findings or other reports relating to the association that are available to the commissioner. Reserves for an individual association 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: *1981 c 182 s 4; 1982 c 424 s 130; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1988 c 666 s 50; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1997 c 187 art 3 s 10; 1998 c 260 s 1*

51A.37 INVESTMENT IN LOANS.

Subdivision 1. **Generally.** Every association shall have power to invest in loans and other investments as set forth in this section.

Subd. 2. **Savings account loans.** Loans secured by its savings accounts.

Subd. 3. **Real estate loans.** Real estate loans in any amount, subject to the following conditions:

(a) An association may participate with one or more financial institutions or other entities in any real estate loan of the type in which the association is authorized to invest on its own account.

(b) The aggregate balances outstanding of real estate loans on real estate located outside the primary lending area of an association shall at no time exceed ten percent of the assets of the association, except that (1) loans insured or guaranteed in whole or in part by the United States, or a federal agency and (2) loans in which an association owns or has purchased no more than a 75 percent participation interest are not subject to this restriction.

(c) Real estate loans on home property by mortgage or contract for deed, as provided in paragraphs (a) and (b) with no limit on purchase or sale thereof; and may participate with other lenders in the making, purchasing, or selling of the loans.

(d) An association may purchase, at any sheriff's, judicial, or other sale, public or private, any real estate upon which it has a mortgage, judgment, or other lien, or in which it has any interest. It may acquire title to any real estate on which it holds any lien, in full or part satisfaction thereof, and may sell, convey, hold, lease, or mortgage the same. In transactions involving the purchase by a vendee of real estate, an association may, when authorized by its bylaws, acquire the title thereof, and it may give to the vendee a contract to convey the same as upon a sale thereof. Provided, that no association shall hereafter invest more than 50 percent of its assets in such contracts to convey. Upon default in the conditions of the contract, the association may terminate the interest of the vendee or the vendee's representatives or assigns by serving the notice provided by section 559.21, upon the vendee, or the vendee's representative or assigns.

Subd. 4. **Insurance policy loans.** Loans secured by the pledge of policies of life insurance, the assignment of which is properly acknowledged by the insurer.

Subd. 5. **Improvement loans.** Property improvement loans made pursuant to the provisions of any title of the National Housing Act, and, other loans, secured or unsecured, to home owners and other property owners for the maintenance, repair, alteration, modernization, landscaping, improvements, including new construction, furnishings, and equipment installed and intended for use as part of the structure.

Subd. 6. **Manufactured home loans.** Loans made for the purpose of manufactured home financing, subject to any limitations as to maximum loan amount which may be prescribed by rule of the commissioner for all associations. For the purposes of this subsection "manufactured home" shall mean a movable accommodation or relocatable housing used or designed for use as living quarters.

Subd. 7. [Repealed, 1988 c 666 s 75]

Subd. 8. **Educational loans.** Loans made for the payment of expenses of college or university education but the aggregate of such loans shall not exceed five percent of the association's assets. These loans may be secured, partially secured, or unsecured, and the association may require a comaker or comakers, insurance, guarantee under a governmental loan guarantee plan, or other protection against contingencies and subject to rules of the commissioner. The term "college or university education" means education at an institution which awards a bachelor's degree or which provides not less than a two-year program which is acceptable for full credit toward such a degree.

Subd. 9. [Repealed, 1988 c 666 s 75]

Subd. 10. **Consumer loans.** Consumer loans.

Subd. 11. **Business loans.** Loans to organizations and natural persons for business purposes.

Subd. 12. **Agricultural loans.** Loans for agricultural purposes.

Subd. 13. **Loan to one borrower limits.** (a) No mutual association shall make a loan to one borrower if the sum of (1) the amount of the loan and (2) the total balances of all outstanding loans owed to the association by the borrower exceeds an amount equal to ten percent of the association's savings liability or an amount equal to the sum of the association's reserves for losses and undivided profits, whichever amount is less, except that any such loan may be made if the sum of clauses (1) and (2) does not exceed $500,000.

(b) No stock association shall make a loan to one borrower if the sum of (1) the amount of the loan and (2) the total balances of all outstanding loans owed to the association by the borrower exceeds an amount equal to ten percent of the association's savings liability or an amount equal to the sum of the association's reserves for losses and capital and surplus, whichever amount is less, except that any such loan may be made if the sum of clauses (1) and (2) does not exceed $500,000.

History: *1969 c 490 s 37; 1971 c 136 s 2; 1971 c 387 s 7; 1980 c 524 s 5; 1981 c 365 s 9; 1985 c 248 s 70; 1986 c 444; 1988 c 666 s 51-58; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.38 LOAN PLANS.

Subdivision 1. **Generally.** Real estate loans and other loans secured by a mortgage on real estate that are eligible for investment by an association under sections 51A.01 to 51A.57 may be written according to this section and section 51A.386, or upon any other plan approved by the commissioner.

Subd. 2. **Appraisal.** No investment in a real estate loan, the proceeds of which are used for the purchase of the real estate, shall be made until a qualified person or persons approved by the board of directors shall have made a physical inspection and submitted a signed appraisal of the value of the real estate securing such loan.

Subd. 3. **Payments.** Payments on real estate loans shall be applied first to other charges, and the payment of interest on the unpaid balance of the loan, in the manner determined by the association, and the remainder on the reduction of principal. All loans may be prepaid in part or in full, at any time. An association may charge a borrower a prepayment fee on any loan that is not a consumer loan. Unless otherwise agreed in writing, any prepayment of principal on any loan may, at the option of the association, be applied on the final installment of the note or other obligation until fully paid, and thereafter on the installments in the inverse order of their maturity, or, at the option of the association, the payments may be applied from time to time wholly or partially to offset payments which subsequently accrue under the loan contract.

Subd. 4. **Evidence of loan.** Every loan shall be evidenced by a note or instrument of obligation for the amount of the loan. The note or instrument shall specify the amount, rate of interest, or manner of calculating the rate of interest of a variable rate loan, and terms of repayment including any prepayment penalty or charge for late payment, mortgage assumption fee, and may contain all other terms of the loan contract.

Subd. 5. **Security instrument for loans secured by real estate.** Every loan secured by a mortgage on real property, including a real estate loan, shall be evidenced by a mortgage, deed of trust, or other transaction or instrument constituting a lien or claim upon the real estate securing the loan, according to any lawful and recognized practice which is suited to the transaction. Any such instrument or transaction shall provide specifically for the usual insurance risks, ground rents, taxes, assessments, other governmental levies, maintenance, and repairs. It may provide for an assignment of rents, and if such assignment is made, any such assignment shall be absolute upon the borrower's default, becoming operative upon written demand made by the association. All such mortgages shall be recorded in accordance with the law of this state.

Subd. 6. [Repealed, 1988 c 666 s 75]

Subd. 7. **Advances for taxes.** An association may pay taxes, assessments, ground rents, insurance premiums, and other similar charges for the protection of any loan secured by a mortgage on real property, including a real estate loan. All such payments shall be added to the unpaid balance of the loan and shall be equally secured by the lien on the property. An association may require life insurance to be assigned as additional collateral upon any real estate loan. In such event, the association shall obtain a lien upon such policy and may advance premiums thereon, and such premium advances shall be added to the unpaid balance of the loan and shall be equally secured by a lien on the property as provided above.

Subd. 8. **Provision for taxes, insurance.** An association may require a borrower on any loan secured by a mortgage on real property, including a real estate loan, to pay monthly in advance, in addition to interest or interest and principal payments, the equivalent of 1/12 of the estimated annual taxes, assessments, insurance premiums, ground rents, and other charges upon the real estate securing a loan, or any of such charges, so as to enable the association to pay such charges as they become due from the funds so received. The amount of such monthly charges may be increased or decreased so as to provide reasonably for the payment of the estimated annual taxes, assessment, insurance premiums, and other charges. The association at its option may hold such funds in trust and commingle them with other such funds and use the same for such purposes, or hold such funds in open account and commingle them with its own funds and advance like amounts for such purposes, or credit such funds as received to the mortgage account and advance a like amount for the purposes stated. If such funds are held in trust or invested in savings accounts, the amounts may be pledged to further secure the indebtedness and, if held in open account or credited to the loan account, the amounts

when advanced for the purposes stated may be secured by the mortgage with the same priority as the original amount advanced under the mortgage. The association shall have no obligation to pay interest, earnings, or other increment to the borrower upon such monthly payments, nor to invest the same for the benefit of the borrower, unless such funds have been placed in a savings account or accounts in the borrower's name. Every association shall keep a record of the status of taxes, assessments, insurance, ground rents, and other charges on all real estate securing its real estate loans and on all real and other property owned by it.

History: *1969 c 490 s 38; 1986 c 444; 1988 c 666 s 59-65; 1989 c 217 s 3; 1996 c 414 art 1 s 44; 1997 c 157 s 35,67; 1998 c 260 s 1*

51A.385 [Repealed, 1995 c 202 art 3 s 22]

51A.386 TERMS AND CONDITIONS OF LOANS, CONTRACTS, AND EXTENSIONS OF CREDIT.

Subdivision 1. **Application.** Except as otherwise provided in this section, this section applies to loans made and contracts purchased by federal and state associations, and "association" as used in this section applies to federal and state associations.

Subd. 2. **Finance charge for credit sales made by a third party.** A person may enter into a credit sale contract for sale to an association and an association may purchase and enforce a contract evidencing the sale, if the annual percentage rate provided for in the contract does not exceed that permitted in section 47.59 or, in the case of contracts governed by sections 53C.01 to 53C.14, the rates permitted by those sections.

Subd. 3. **Finance charge for loans.** An association may make loans and extend credit at the rates and on the terms provided for in section 47.59.

Subd. 4. **Additional authority.** Extensions of credit, and purchases of extensions of credit, authorized by sections 47.20, subdivision 1, 3, or 4a; 47.204; 47.21; 47.58; 47.60; 47.69; 48.153; 48.185; 48.195; 53C.01 to 53C.14; 59A.01 to 59A.15; 334.01; 334.011; and 334.012 may, but need not, be made according to those sections in lieu of the authority set forth in subdivisions 1 to 3, and if so, are subject to those sections, and not this section, except this subdivision. An association may also charge an organization a rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit the association elects to make under section 334.01, 334.011, or 334.012, chapter 334 does not apply to extensions of credit made according to this section or the sections mentioned in this subdivision.

Subd. 5. **Additional charges.** In addition to the finance charges permitted by this section, an association, or a person described in subdivision 2, to the extent not otherwise prohibited by law, may contract for and receive the additional charges that may be included in the amount financed provided for in section 47.59.

History: *1995 c 202 art 3 s 8; 1996 c 414 art 1 44; 1997 c 157 s 67; 1998 c 260 s 1; 2005 c 19 s 1*

51A.39 [Repealed, 1988 c 666 s 75]

51A.40 DEALING WITH SUCCESSORS IN INTEREST.

In the case of any investment made by an association in a loan secured by a mortgage on real property, including a real estate loan, in the event the ownership of the real estate security or any part thereof becomes vested in a person other than the party or parties originally executing the security instruments, and provided there is not an agreement in writing to the contrary, an association may, without notice to such party or parties, deal with such successor or successors in interest with reference to said mortgage and the debt thereby secured in the same manner as with such party or parties, and may forbear to sue or may extend

time for payment of or otherwise modify the terms of the debt secured thereby, without discharging or in any way affecting the original liability of such party or parties thereunder or upon the debt thereby secured.

History: *1969 c 490 s 40; 1988 c 666 s 67; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.41 RIGHT TO ACT TO AVOID LOSS.

Nothing in sections 51A.01 to 51A.57 or the statute law of the state shall be construed as denying to an association the right to invest its funds, operate a business, manage or deal in property, or take any other action over whatever period of time may reasonably be necessary to avoid loss on a loan or investment theretofore made or an obligation created in good faith.

History: *1969 c 490 s 41; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.42 SAVINGS ASSOCIATIONS.

Subdivision 1. **Commerce Department to control.** The Department of Commerce shall have charge of the execution of all laws relating to the savings associations chartered under the laws of Minnesota and the business thereof.

Subd. 2. **Supervisor.** The commissioner may appoint a savings association supervisor, whose duties shall be the supervision of all savings associations in this state.

Subd. 3. **Commissioner to supervise.** (a) **Visits; examinations; books and records.** The commissioner shall exercise a constant supervision over the books and affairs of all associations doing business within the state as provided in section 46.04.

(b) **Rules.** The commissioner shall have the right to pass further rules deemed necessary to enable savings associations to properly carry on the activities authorized under sections 51A.01 to 51A.57 and which are not inconsistent with the provisions of sections 51A.01 to 51A.57.

Subd. 4. **Official communications referred to directors.** Each official communication from the commissioner to an association, relating to any examination conducted by the Commerce Department, or containing suggestions and recommendations as to the conduct of business of the association, shall be submitted by the officer receiving it to the board of directors at the next meeting of the board and noted in the minutes thereof.

History: *1969 c 490 s 42; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1985 c 248 s 70; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.43 SUPERVISORY POWER OF COMMISSIONER.

The commissioner shall have general supervision over all associations, service organizations the principal offices of which are located in this state and which are principally owned by one or more thrift institutions, and corporations which are subject to the provisions of sections 51A.01 to 51A.57 as provided in section 46.06.

History: *1969 c 490 s 43; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.44 REPORTS AND EXAMINATIONS.

Subdivision 1. **Annual report.** On or before the last day of April in each year, every association shall make an annual written report to the commissioner, upon a form to be prescribed and furnished by the commissioner, of its affairs and operations, which shall include a complete statement of its financial condition,

including a statement of income and expense since its last previous similar report, for the 12 months ending on the 31st day of December of the previous year. Every such report shall be verified by the president and treasurer.

Subd. 2. **Other reports.** Every association also shall make such other reports as the commissioner may from time to time require, which shall be in such form and filed on such date as the commissioner may prescribe and shall, if required, be verified in the same manner as the annual report.

Subd. 3. [Repealed, 1984 c 576 s 27]

Subd. 4. **Commissioner may accept examinations made by certain federal agencies.** In lieu of such examination, the commissioner may accept any examination made by a federal home loan bank, the federal home loan bank board, or by the Federal Savings and Loan Insurance Corporation. One copy of any examination, signed and certified by the agencies making such examination, shall be filed promptly with the commissioner.

Subd. 5. **Extra or additional examinations; reports.** Whenever, in the judgment of the commissioner, the condition of any association renders it necessary or expedient to make an extra examination of audit or to devote any extraordinary attention to its affairs, the commissioner shall cause the same to be done. A full and complete copy of the report of all examinations and audits shall be furnished to the association examined. Such report of examination or audit shall be presented by the president to the board of directors at its next regular or special meeting.

Subd. 6. **Commissioner authorized to have appraisals made at expense of association.** The commissioner is authorized in connection with any examination or audit of any association to cause to be made appraisal so real estate held by the association or securing the association's assets when specific facts or information with respect to real estate held, secured loans or lending, or when in the commissioner's opinion the association's policies, practices, operating results and trends give evidence that an association's appraisals may be excessive, that lending or investment may be of a marginal nature, that appraisal policies and practices may not conform with generally accepted and established professional standards, or that real estate held by the association or assets secured by real estate are overvalued. In lieu of causing such appraisals to be made, the commissioner may accept any appraisal caused to be made by a federal home loan bank, the Federal Home Loan Bank Board, or by the Federal Savings and Loan Insurance Corporation or other insuring agency of an insured association. Unless otherwise ordered by the commissioner, appraisal of real estate in connection with any examination or audit pursuant to this section shall be made by a professional appraiser or appraisers selected by the commissioner, and the cost of such appraisal promptly shall be paid by such association directly to such appraiser or appraisers upon receipt by the association of a statement of such cost bearing the written approval of the commissioner. A copy of the report of each appraisal caused to be made by the commissioner pursuant to this subdivision shall be furnished to the association within a reasonable time, not to exceed 60 days, following the completion of such appraisals, and may in the case of an insured association be furnished to the insuring agency.

History: *1969 c 490 s 44; 1986 c 444; 1988 c 666 s 68; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.45 ENFORCEMENT AND CONSERVATORSHIP.

Subdivision 1. **Commissioner may order association to discontinue any illegal practice.** If the commissioner, as a result of any examination or from any report made, shall find that any association is violating the provisions of its certificate of incorporation or bylaws, or the laws of this state or of the United States, or any lawful order or rule of the commissioner, the commissioner shall, by a formal written order

delivered to the association as aforesaid, state any alleged violation, together with a statement of the facts alleged to be such violation, and order discontinuance of such violation and conformance with all requirements of law. Such order shall specify the effective date thereof, which may be immediate or may be at a later date, and such order shall remain in effect until withdrawn by the commissioner or until terminated by a court order. Such order of the commissioner, upon application made on or after the effective date thereof by the commissioner to a court of general jurisdiction in the county in which the principal office of the association is located, shall be enforced ex parte and without notice by an order to comply entered by said court. Such proceedings shall be given precedence over other cases pending in such court, and shall in every way be expedited. Any association affected by such order of the commissioner shall, after receipt thereof, have the right to apply within 30 days to any such court for an immediate hearing and order suspending the order of the commissioner until such time as the hearing has been completed. The hearing of such application to the court shall be upon such notice to the commissioner as the court shall provide. Whether upon application by the commissioner or by the association, such court shall have power to and shall adjudicate the question and enter the proper order or orders and enforce the same.

Subd. 2. **Conservator.** If the commissioner, as a result of any examination or from any report made believes that the public interest may be served by the appointment of a conservator, and if the commissioner shall find that any association: (a) Is in an impaired condition; (b) is engaging in practices which threaten to result in an impaired condition; or (c) is in violation of an order of injunction, as authorized by this section, which has become final in that time to appeal has expired without appeal or a final order entered from which there can be no appeal, the commissioner may appoint a conservator for such association, which may be the commissioner, a deputy or any other person, and upon such appointment shall apply immediately to a court of general jurisdiction in the county in which the principal office of the association is located for confirmation of such appointment, and such court shall have exclusive jurisdiction to determine the issues and all related matters. Such proceedings shall be given precedence over other cases pending in such court, and shall in every way be expedited. Such court shall confirm such appointment if it shall find that one or more such grounds exist, and a certified copy of the order of the court confirming such appointment shall be evidence thereof. Such conservator shall have the power and authority provided in sections 51A.01 to 51A.57 and such other power and authority as may be expressed in the order of the court. Such conservator shall endeavor promptly to remedy the situations complained of by the commissioner in the application for confirmation of such appointment. Within six months of the date of such appointment, or within 12 months if the court shall extend the six-month period, such association shall be returned to the board of directors thereof and thereafter shall be managed and operated as if no conservator had been appointed, or a receiver shall be appointed as hereinafter provided. The compensation of the conservator, as determined by the court, shall be paid by the association. A certified copy of the order of the court discharging such conservator and returning such association to the directors thereof shall be sufficient evidence thereof.

Subd. 3. **Conservator; powers.** Any conservator appointed shall have all the rights, powers, and privileges possessed by the officers, board of directors, and members of the association.

Subd. 4. **Conservator; expenses; prohibitions.** The conservator shall not retain special counsel or other experts, incur any expense other than normal operating expenses, or liquidate assets except in the ordinary course of operations.

Subd. 5. **Conservator; removal of officer or director.** The directors and officers shall remain in office and the employees shall remain in their respective positions, but the conservator may remove any director, officer, or employee, provided the order of removal of a director or officer shall be approved in writing by the commissioner.

Subd. 6. **Under conservator, association may be operated as a "going concern."** While the association is in the charge of a conservator, members of such association shall continue to make payments to the association in accordance with the terms and conditions of their contracts, and the conservator may permit savings account members to withdraw their accounts from the association pursuant to the provisions of sections 51A.01 to 51A.57 or under and subject to such rules as the commissioner may prescribe. The conservator shall have power to accept savings accounts and additions to savings accounts, but any such amounts received by the conservator may be segregated if the commissioner shall so order in writing; if so ordered, such amounts shall not be subject to offset and shall not be used to liquidate any indebtedness of such association existing at the time the conservator was appointed for it or any subsequent indebtedness incurred for the purposes of liquidating the indebtedness of any such association existing at the time such conservator was appointed. All expenses of the association during such conservatorship shall be paid by the association.

History: *1969 c 490 s 45; 1985 c 248 s 70; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.46 RECEIVERSHIP.

Subdivision 1. **Appointment of receiver.** If the commissioner shall find that any association: (a) is in an impaired condition; (b) is engaging in practices which threaten to result in an impaired condition; or (c) is in violation of an order or injunction, as provided in section 51A.45, which has become final in that the time to appeal has expired without appeal or a final order entered from which there can be no appeal, the commissioner may appoint a receiver for such association, which may be the commissioner, a deputy or any other person, and upon such appointment shall apply immediately to a court of general jurisdiction in the county in which the principal office of the association is located for confirmation of such appointment, and such court shall have exclusive jurisdiction to determine the issues and all related matters. Such proceedings shall be given precedence over other cases pending in such court, and shall in every way be expedited. Such court shall confirm such appointment if it shall find that one or more such grounds exist, and a certified copy of the order of the court confirming such appointment shall be evidence thereof. In the case of an insured association, the appointment by the commissioner of a receiver under this section shall constitute an official determination of a public authority of this state pursuant to which a receiver is appointed for the purpose of liquidation as contemplated by and within the meaning of section 401(d) of the National Housing Act of 1934, as amended, if, within ten days after the date the application of the commissioner is filed, confirmation of such appointment or denial of confirmation has not been issued by the court. Such receiver shall have all the powers and authority of a conservator plus the power to liquidate, and shall have such other powers and authority as may be expressed in the order of the court. If the commissioner, or a deputy, or examiner is appointed receiver, then the compensation of the receiver, as determined by the court, shall be paid from the assets of the association.

Subd. 2. **Appointment of Federal Savings and Loan Insurance Corporation as receiver or coreceiver.** If the association is an institution insured by the Federal Savings and Loan Insurance Corporation, the Federal Savings and Loan Insurance Corporation shall be tendered appointment as receiver or coreceiver. If it accepts such appointment, it may, nevertheless, make loans on the security of or purchase at public or private sale any part or all of the assets of the association of which it is receiver or coreceiver, provided such loan or purchase is approved by such court.

Subd. 3. **Procedure.** The procedure in such receivership action shall be in all other respects in accordance with the practice in such court, including all rights of appeal and review. The directors, officers, and attorneys

of an association in office at the time of the initiation of any proceeding under this section or section 51A.45 may contest any such proceeding.

History: *1969 c 490 s 46; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.47 CORRECTION OF WRONGDOINGS BY UNIMPAIRED INSTITUTION.

No conservator or receiver shall be appointed, or private property seized, with respect to an association which is not in an impaired condition if the alleged wrongdoing can be otherwise corrected as provided in sections 51A.01 to 51A.57 or otherwise as provided by law.

History: *1969 c 490 s 47; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.48 RIGHT TO DECLARATORY JUDGMENT.

At any time after any controversy has arisen between the commissioner and an association with respect to any question of law or rule or with respect to any question involving immeasurable or irreparable damage to the association, and prior to an administrative or judicial hearing, the association or the commissioner may apply to any court of competent jurisdiction in the county in which the home office of the association is located for a declaratory judgment as to such question, and such court shall have and shall take jurisdiction and decide the controversy on its merits in accordance with the weight of the evidence, and such court shall have full power to enforce its orders.

History: *1969 c 490 s 48; 1985 c 248 s 70; 1988 c 666 s 69; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.49 [Repealed, 1981 c 276 s 32]

51A.50 FEDERAL ASSOCIATIONS.

The following sections apply to federal associations, except to the extent they are inconsistent with federal law or regulations: sections 47.59; 51A.01; 51A.02; 51A.065; 51A.15, subdivision 6; 51A.21, subdivisions 6a, 15, 16, 22, 25, 27, and 28; 51A.23, subdivision 1; 51A.24; 51A.251; 51A.261; 51A.262; 51A.27; 51A.28; 51A.29; 51A.30; 51A.31; 51A.37, subdivisions 1, 2, 3, paragraphs (a), (c), (d), 4, 5, 6, 7, 8, 9, 10, 11, and 12; 51A.38; 51A.386; 51A.40; 51A.50; 51A.52; 51A.56; and 51A.57.

History: *1969 c 490 s 50; 1981 c 276 s 29; 1984 c 576 s 25; 1988 c 666 s 70; 1995 c 202 art 3 s 9; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.51 FEES.

Subdivision 1. **Fees to be paid to commissioner of management and budget.** An association shall pay fees by delivering to the commissioner a check payable to the commissioner of management and budget.

Subd. 2. **Incorporation fee.** At the time of filing the application for a certificate of incorporation, the incorporators shall pay a $1,000 filing fee which shall be paid into the state treasury and credited to the general fund, and shall pay to the banking department a $500 investigation fee. If an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the Department of Commerce in approving or disapproving the application, payable to the commissioner of management and budget and credited by the commissioner of management and budget to the general fund, shall be paid by the applicant and 50 percent equally by the intervening parties.

Subd. 3. **Fee for change of location of established office.** There shall accompany each application to the commissioner for leave to change the location of an established office, a fee of $50 payable to the banking department. In the event of a hearing on the application to change the location of an established office, an additional fee of $1,000 payable to the state treasury and $450 payable to the banking department shall be delivered to the office of the commissioner of commerce prior to the publication of the notice of hearing.

Subd. 3a. **Fee for establishment of other than principal office.** There shall accompany each application to the commissioner for establishment of other than the principal office a $1,000 filing fee payable to the state treasury and $500 payable to the banking department. If an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the Department of Commerce in approving or disapproving the application, payable to the commissioner of management and budget and credited by the commissioner of management and budget to the general fund, shall be paid by the applicant and 50 percent equally by the intervening parties.

Subd. 4. **Supervision and examination fee.** At the time of filing its annual report each association shall pay to the commissioner as a fee for supervision and examination an annual assessment as determined by the commissioner pursuant to the provisions of section 46.131. Such assessment shall be in lieu of all other license fees and charges of any kind whatsoever to any other state department or office, municipality, county, or other political subdivision; provided that the commissioner may assess against any such association the actual and necessary per diem expenses of and incidental to any additional examinations, or to supervision, or to any appraisal or special audit made pursuant to an order of the commissioner acting under authority of sections 51A.01 to 51A.58.

Subd. 5. **Merger fee.** At the time of filing with the commissioner of any proposed merger or consolidation plan, the associations proposing so to merge or consolidate shall submit therewith a fee of $250 payable to the banking department, which fee shall be paid in equal parts by the associations parties to the proposal.

History: *1969 c 399 s 1; 1969 c 490 s 51; 1971 c 387 s 8-10; 1973 c 35 s 19; 1983 c 250 s 16,17; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 10,11,92; 1988 c 666 s 71; 1989 c 217 s 13; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

51A.52 DIRECTORS, EMPLOYEES, MEMBERS, AND STOCKHOLDERS OF ASSOCIATION MAY ACKNOWLEDGE INSTRUMENTS TO WHICH IT IS A PARTY.

No public officer qualified to take acknowledgments or proofs of written instruments shall be disqualified from taking the acknowledgment or proof of any instrument in writing in which an association is interested by reason of membership in, stockholder interest in, or employment by an association so interested, and any acknowledgments or proofs heretofore taken are hereby validated.

History: *1969 c 490 s 52; 1981 c 276 s 30; 1986 c 444; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.53 POWERS OF FEDERAL ASSOCIATIONS; APPROVAL.

Subject to the approval of the commissioner, any savings association organized under sections 51A.01 to 51A.58 is vested with all powers conferred upon a federal association organized under the laws and regulations of the United States or its agencies, as amended, as fully and completely as if the powers were specifically enumerated and described herein, provided that the same are not specifically prohibited by state law.

History: *1969 c 490 s 53; 1981 c 276 s 31; 1988 c 666 s 72; 1989 c 217 s 14; 1995 c 202 art 1 s 25; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.54 INSOLVENT ASSOCIATIONS LIQUIDATED.

Insolvent associations shall be liquidated under and pursuant to the statutes relating to the liquidation of insolvent banks.

History: *1969 c 490 s 54; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.55 CONFORMITY.

Subdivision 1. **Thrift and home financing organizations.** All persons accepting moneys from the public and engaged in home financing, whether or not incorporated, and every corporation heretofore incorporated under the statutes of this state which has for its purpose the promotion of thrift and the financing of homes, except those regulated under other Minnesota statutes or federal laws, by whatever name known, shall at the time sections 51A.01 to 51A.58 become effective be subject to the provisions of sections 51A.01 to 51A.58 and shall be deemed to exist hereunder.

Subd. 2. **Existing corporations.** The name, rights, powers, privileges, and immunities of every such corporation heretofore incorporated in this state shall be governed, controlled, construed, extended, limited, and determined by the provisions of sections 51A.01 to 51A.58 to the same extent and effect as if such corporation had been incorporated pursuant hereto, and the articles of association, certificate of incorporation, or charter, however entitled, bylaws and constitution, or other rules of every such corporation heretofore made or existing are hereby modified, altered, and amended to conform to the provisions of sections 51A.01 to 51A.58, with or without the issuance or approval by the commissioner of conformed copies of such documents, and the same are declared void to the extent that the same are inconsistent with the provisions of sections 51A.01 to 51A.58; except that the obligations of any such existing corporation, whether between such corporation and its members, or any of them, or any other person or persons, or any valid contract between the members of any such corporation, or between such corporation and any other person or persons, existing on July 1, 1969, shall not be in any way impaired by the provisions of sections 51A.01 to 51A.58, and, with such exceptions, every such corporation shall possess the rights, powers, privileges, and immunities and shall be subject to the duties, liabilities, disabilities, and restrictions conferred and imposed by sections 51A.01 to 51A.58, notwithstanding anything to the contrary in its certificate of incorporation, bylaws, constitution, or rules.

Subd. 3. **All obligations heretofore contracted may be enforced.** All obligations to any such corporation heretofore contracted shall be enforceable by it and in its name, and demands, claims, and rights of action against any such corporation may be enforced against it as fully and completely as they could have been enforced heretofore.

History: *1969 c 490 s 55; 1989 c 217 s 15,16; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.56 ACT CONTROLLING.

Insofar as the provisions of sections 51A.01 to 51A.58 are inconsistent with the provisions of any other law affecting associations, the provisions of sections 51A.01 to 51A.58 shall control.

History: *1969 c 490 s 56; 1988 c 666 s 73; 1989 c 217 s 17; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.57 SEPARABILITY.

If any provision, clause, or phrase of sections 51A.01 to 51A.58 or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of sections

51A.01 to 51A.58 which can be given effect without the invalid provisions or application, and to this end the provisions of sections 51A.01 to 51A.58 are declared to be separable.

History: *1969 c 490 s 57; 1989 c 217 s 18; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*

51A.58 INTERSTATE BRANCHING.

An association, whether or not the subsidiary of a savings and loan holding company, may, by acquisition, merger, purchase and assumption of some or all of the assets and liabilities, or consolidation, establish or operate branch offices in any reciprocating state, and a savings association chartered in any reciprocating state may establish or operate branch offices in this state by acquisition, merger, purchase, and assumption of some or all of the assets or liabilities or consolidation. A savings and loan holding company with its headquarters in this state may acquire by direct or indirect ownership or control the voting shares of a savings and loan holding company, savings association, or savings bank located in any reciprocating state, and a savings and loan holding company with its headquarters in a reciprocating state, may acquire by direct or indirect ownership or control the voting shares of a savings and loan holding company, a savings association, or savings bank located in this state, and may acquire and merge with a savings and loan holding company with its headquarters in this state. For the purposes of this section, "reciprocating state" is a state that authorizes the establishment of branch offices in that state by an association located in this state, and the acquisition of savings associations and savings banks located in that state by a savings and loan holding company with its headquarters in this state, under conditions no more restrictive than those imposed by the laws of Minnesota as determined by the commissioner of commerce.

The commissioner of commerce shall adopt rules to provide that procedural requirements equivalent to those contained in sections 48.90 to 48.99 apply to reciprocal interstate branching and acquisitions by savings associations.

History: *1986 c 339 s 16; 1Sp1986 c 3 art 2 s 27; 1987 c 349 art 1 s 26; 1994 c 484 s 2; 1995 c 202 art 1 s 14,25; 1996 c 414 art 1 s 44; 1997 c 157 s 67; 1998 c 260 s 1*