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State of Minnesota

Printed Page No. 335

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 3224

03/01/2018 Authored by Jessup and Applebaum
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform
03/29/2018 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time

1.1 A bill for an act
1.2 relating to credit unions; regulating membership; governance; and powers and
1.3 duties; amending Minnesota Statutes 2016, sections 52.02; 52.19, subdivision 2.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2016, section 52.02, is amended to read:

1.6 52.02 ~~BYLAWS AND AMENDMENTS, APPROVAL. RESOLUTIONS,~~
1.7 AMENDMENT OF BYLAWS AND CERTIFICATE OF ORGANIZATION,
1.8 APPROVAL.

1.9 Subdivision 1. ~~Amendments~~ Amendment of bylaws by members. ~~(a) To amend the~~
1.10 ~~certificate of organization or bylaws, proposed amendments shall be set forth as follows:~~
1.11 If three percent or more of all members propose a resolution for action by the members to
1.12 adopt, amend, or repeal bylaws adopted, amended, or repealed by the board and the resolution
1.13 sets forth the provisions proposed for adoption, amendment, or repeal, the resolution must
1.14 be submitted to the members for a vote in the following manner:

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

1.18 (2) if balloting by mail or other electronic means, has been authorized by the board of
1.19 directors as either the exclusive means of voting or in conjunction with voting in person, a
1.20 statement of intent to amend which identifies the proposed amendments shall be set forth
1.21 in a notice mailed to all members eligible to vote at least 30 days prior to the close of
1.22 balloting by mail. Any amendments to the certificate of organization or bylaws shall be

2.1 approved by two-thirds vote of the members actually voting, if the members actually voting  
2.2 constitute a quorum.

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

2.11 Subd. 2. **Bylaw Amendments by directors.** ~~The members may, pursuant to subdivision~~  
2.12 ~~1, provide for the bylaws to be amended by the board of directors. If the bylaws permit~~  
2.13 ~~amendment by the directors, any amendments shall be approved by a two-thirds vote of the~~  
2.14 ~~total number of directors authorized. The bylaws and certificate of organization may be~~  
2.15 amended by a two-thirds vote of the number of directors authorized at any duly convened  
2.16 meeting of the board, but only after the members of the board have been given at least 30  
2.17 days' notice of the meeting and the notice includes a copy of the proposed amendment or  
2.18 amendments. The board of directors shall not adopt, amend, or repeal a bylaw fixing a  
2.19 quorum for meetings of members, prescribing procedures for removing directors or filling  
2.20 vacancies in the board, or fixing the number of directors or their classifications, qualifications,  
2.21 or terms of office, but may adopt or amend a bylaw to increase the number of directors. ~~If~~  
2.22 ~~three percent or more of all members propose a resolution for action by the members to~~  
2.23 ~~adopt, amend, or repeal bylaws adopted, amended, or repealed by the board and the resolution~~  
2.24 ~~sets forth the provisions proposed for adoption, amendment, or repeal, the resolution shall~~  
2.25 ~~be submitted to the members for a vote as provided in subdivision 1.~~

2.26 Subd. 3. **Approval.** Amendments to the certificate of organization or bylaws, other than  
2.27 the addition to the field of membership of a small group or a group determined by the  
2.28 commissioner under section 52.05 to be too small to form its own credit union, must be  
2.29 approved by the commissioner of commerce before they become operative. The commissioner  
2.30 shall not unreasonably withhold approval if the amendments do not violate any provision  
2.31 of this chapter or other state law. In any event, the commissioner shall approve or disapprove  
2.32 the proposed amendment within 60 days of the date the proposed amendment is submitted  
2.33 to the commissioner by the credit union. In case of disapproval the credit union shall have  
2.34 the right to appeal to a court of competent jurisdiction within the time limits stated in section  
2.35 52.01, clause (6). In case any amendment to the certificate of organization is adopted, the

3.1 resolution, containing a full text of the amendment and verified by its president or treasurer  
3.2 and approved by the commissioner of commerce, shall be recorded in the Office of the  
3.3 Secretary of State. Upon addition to the field of membership of a small group or a group  
3.4 determined by the commissioner under section 52.05 to be too small to form its own credit  
3.5 union, a credit union must provide timely written notice to the commissioner, and the  
3.6 commissioner shall have 30 days from receipt of the notice to reject the addition of that  
3.7 group; if the commissioner does not reject the addition within that period, it is deemed  
3.8 approved.

3.9 Sec. 2. Minnesota Statutes 2016, section 52.19, subdivision 2, is amended to read:

3.10 Subd. 2. **Board procedure and policy.** (a) The board of directors may adopt a procedure  
3.11 and policy for expulsion of members for cause and for nonparticipation in the affairs of the  
3.12 credit union. The nonparticipation policy must be based on:

3.13 ~~(1) failure to purchase and maintain at least one credit union share or to pay entrance or~~  
3.14 ~~membership fees, if any; or~~

3.15 ~~(2) causing monetary loss to the credit union.~~

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

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