

HOUSE RESEARCH

Bill Summary

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Overview

This bill makes various changes in state law relating to credit unions.

Section

- 1 **Definitions.** Defines 12 terms. The chapter regulating credit unions has not previously had a definitions section.
- 2 **Bylaw amendments by directors.** Permits authority for the directors, rather than the membership at large, to amend the bylaws to appear in the bylaws themselves. This change appears to be technical, since the very next sentence of existing law speaks of the bylaws permitting amendment by directors.
- 3 **Approval.** Permits credit unions to amend their articles or bylaws to add a small group to their field of membership without prior approval of the commissioner. Requires notice to the commissioner of that change. Gives the commissioner 60 days to disapprove addition of the new small group.
- 4 **Credit union powers.** Increases credit union powers in several ways. Permits credit unions to receive commissions on selling insurance to members, in addition to credit insurance. Adds "or convenient" to an existing general powers provision now limited to "incidental to or necessary for" the credit union's purposes. Permits credit unions to offer trust-related services with approval of the commissioner, limited to those permitted to federal credit unions. Permits those services to be offered when a member is the trustee of the trust involved. Permits credit unions to impose reasonable charges for services provided to members. Permits credit unions to enforce loan repayment provisions. Permits credit unions to buy, sell, and otherwise deal with real estate and personal property. Permits credit unions to buy, sell, and otherwise deal with loans or groups of loans, other than self-replenishing lines of credit. Permits credit unions to engage in leasing transactions with members, subject to an existing law regulating bank leases of personal property to customers.

- 5 **Parity.** Permits state-chartered credit unions to do anything federally-chartered credit unions are permitted to do under federal law, subject to approval by the commissioner. Retains an existing law forbidding the commissioner to approve any credit union activity prohibited by state law.
- 6 **Requirements.** Changes the language dealing with the common bond requirement for credit union membership. Eliminates the "well-defined" language as it applies to "community." Permits combinations of groups.
- 7 **Applications.** Permits two people, rather than 15, to apply to the commissioner on behalf of a group of 30 or less, for a determination as to whether it is feasible for the group to form its own credit union, rather than to join an existing one. Makes current law requiring the commissioner to adopt rules on approval of groups optional. Provides that if such rules are adopted, they must provide that groups of less than 3,000 will generally be considered too small to form their own credit union.
- 8 **Officers, bylaws, compensation.** Permits members of a credit union board, supervisory committee, or other committee to be reimbursed by the credit union for expenses. Permits credit unions to provide them with life, health, accident, and similar insurance, without it being subject to the preceding sentence limiting compensation.
- 9 **Capital; entrance fees; credit union to have lien.** Adds to the list of items considered to be a credit union's capital.
- 10 **50 percent of unimpaired assets.** Increases the percentage of its unimpaired assets that a credit union may borrow from 40 percent to 50 percent.
- 11 **Expulsion and nonparticipation.** Provides that expulsion of a member must be for cause. Provides that a policy described in current law applies to nonparticipation and not to expulsion.