



Minnesota Credit Union Network

Credit Union Charter: State vs. Federal

A Comparison of Rules, Regulations & Laws

Revised October 2020

Table of Contents

LENDING	5
Membership Requirements for Loans	5
Loans to Officers	5
Maturity Limits.....	5
Maximum Lending Limits.....	6
Loan Interest Rates	7
Prepayment Penalties.....	8
Late Charges.....	9
Loan Fees	10
Indirect Lending Programs	10
Equal Housing Poster	11
Delinquency Schedules	11
Accounts	12
Opening Transaction Accounts	12
Dividends/Interest on Accounts	12
Closing of Transaction Accounts.....	12
Board of Directors/Committees	14
Election of Board Members	14
Election of Supervisory Committee Members.....	14
Election of Credit Committee Members.....	15
Compensation of Board Members.....	15
Indemnification of Officers	16
Guest Travel Reimbursement	16
Supervisory Committee Duties	16
Power to Remove Directors/Committee Members	17
Declaring an Office Vacant.....	18
MEMBERSHIP	19
Field of Membership.....	19
Membership Eligibility Based Upon Relation to Member	19
Member Inspection of Books, Records & Minutes.....	20
Denial/Suspension of Member Services	20
Member Expulsion	21
Credit Union Powers	22
General Powers.....	22
Ownership of Fixed Assets	22
Statutory Lien.....	23
Credit Union Service Organizations	23
Investments.....	23
Charitable Donations	24
Taxation	25

Taxation.....	25
Unrelated Business Income Tax.....	25
Other.....	26
Organization of Credit Union.....	26
Credit Union Bylaw Amendments.....	26
Share Insurance Requirement.....	27
Credit Union Merger.....	27
Conversion of Charter.....	28
Annual Operating Fee.....	29

PARITY: Minnesota law allows a State-Chartered Credit Union (SCCU) to exercise the powers and activities of, or take any action permitted for, a Federally-Chartered Credit Union (FCU), upon approval by the Minnesota Department of Commerce. The commissioner may not authorize an SCCU to engage in activity prohibited by other state laws.¹

GUIDANCE: When Minnesota law is silent on a specific requirement affecting SCCUs, the Minnesota Department of Commerce often refers to the NCUA Rules & Regulations for guidance.

¹ [Minn. Stat. § 52.04, Subd. 3.](#)

LENDING

Membership Requirements for Loans

FCU – An FCU may extend credit to members of the FCU, to other credit unions, and credit union organizations.² Nonmembers may participate in loans as long as their involvement does not distort the direct lending relationship between the FCU and the member. Nonmembers may be cosigners or guarantors on a loan made to a member of the FCU.³

SCCU – An SCCU may make loans to members.⁴

Loans to Officers

FCU – The board of directors of an FCU shall review and approve or deny any loan application on which an official of the FCU is a direct obligor, endorser, cosigner or guarantor if the aggregate amount of all loans made directly to the official and on which the official is an endorser or guarantor exceeds \$20,000 plus the official's pledged shares. Preferential treatment of officials is prohibited.⁵

SCCU – Except for loans secured by first real estate mortgages on homes owned and occupied, of the character made to other members, no director, officer or member of the credit or supervisory committee may become liable, as a borrower or endorser for a borrower, to the credit union in which the director, officer or member of the credit or supervisory committee holds office, beyond the amount of the person's holdings in shares and deposits at the SCCU, unless the loan is approved by the board of directors and the credit committee or credit manager, meeting together and acting jointly on the application in the absence of the applicant. A majority of the members of the board and credit committee or credit manager must be present at the meeting and approval of the loan must be unanimously agreed to in writing by those present.⁶

Maturity Limits

² Federal Credit Union Act § 1757(5).

³ NCUA Legal Opinion Letter [8-28-00](#) (00-0605).

⁴ Minn. Stat. §§ 52.04 Subd. 1(3); 52.16.

⁵ 12 CFR § 701.21(d).

⁶ Minn. Stat. §§ 52.16; 52.10.

FCU – As a general rule, the maturity limit of a loan to a member may not exceed 15 years.⁷ Lines of credit are not subject to any statutory or regulatory limit regarding maturity. The amortization for a line of credit balance and the type and amount of security on a line of credit is determined by the contract agreed to between the FCU and the borrower. There are several exceptions to the general 15 year maturity limit. The first exception is for loans secured, insured, guaranteed or with advance commitment to purchase by a federal or state government or any agency of either.⁸ As an exception to the general 15 year maturity limit, an FCU may make loans with maturities of up to 20 years when the loan’s purpose is to finance the purchase of a mobile home⁹ if the mobile home will be used as the borrower’s residence, is secured by a first lien, and the mobile home meets the requirements for the home mortgage interest reduction under the Internal Revenue Code.¹⁰ An FCU may also make a loan with a maturity limit of up to 20 years when the loan is a second mortgage loan or a non-purchase money first mortgage loan in the case of a residence on which there is no existing first mortgage if the loan is secured by a residential dwelling, which is the residence of the borrower. An FCU may also make a loan with a maturity limit of up to 20 years if the loan is to finance the repair, alteration or improvement of a residential dwelling that is the residence of the borrower. An FCU may make residential one-to-four family dwelling real estate loans to members for the member’s principal dwelling, including loans secured by manufactured homes permanently affixed to the land, with maturities of up to 40 years.¹¹ An FCU may apply to NCUA for longer maturity limits on a case-by-case basis.¹²

SCCU – An SCCU is not specifically limited by Minnesota law regarding maximum lending maturity limits.

Maximum Lending Limits

FCU – An FCU may not loan or allow a line of credit advance to any member if such loan or line of credit advance would cause the member to be indebted to the FCU in an aggregate amount exceeding 10% of the FCU’s total unimpaired capital and surplus.¹³ The aggregate amount of net member business loan balances to one member or group of associated members may not exceed the greater of 15 percent of the federally insured credit union's net worth or \$100,000, plus an additional 10 percent of the credit union's net worth if the amount that exceeds the credit union's 15 percent general limit

⁷ 12 CFR § 701.21(c)(4).

⁸ 12 CFR § 701.21(c)(4)(ii)(A).

⁹ For purposes of this section only, mobile home may include a recreational vehicle, house trailer or boat.

¹⁰ 12 CFR § 701.21(f).

¹¹ 12 CFR § 701.21(g).

¹² 12 CFR § 701.21(g).

¹³ 12 CFR § 701.21(c)(5).

is fully secured at all times with a perfected security interest by readily marketable collateral.¹⁴

SCCU – An SCCU is not specifically limited by Minnesota law regarding maximum lending amounts. The limits for FCUs expressed above apply to SCCUs that meet the following conditions:

- (i) The credit union's total assets are less than \$250 million;
- (ii) The credit union's aggregate amount of outstanding commercial loan balances and unfunded commitments, plus any outstanding commercial loan balances and unfunded commitments of participations sold, plus any outstanding commercial loan balances and unfunded commitments sold and serviced by the credit union total less than 15 percent of the credit union's net worth; and
- (iii) In a given calendar year the amount of originated and sold commercial loans the credit union does not continue to service total less than 15 percent of the credit union's net worth.¹⁵

Loan Interest Rates

FCU – As of June of 2020, the maximum interest rate for a loan made by an FCU was 18% per year.¹⁶ The NCUA Board is required to reconsider the interest rate ceiling a minimum of every 18 months.¹⁷

SCCU – The maximum interest rate on any extension of credit made by an SCCU shall not exceed 1% per month or 4.5% in excess of the discount rate, including any surcharge thereon, on 90-day commercial paper in effect at the Federal Reserve Bank located in the Ninth Federal Reserve District.¹⁸ If an SCCU adopts the powers applicable to an FCU through the parity provision, an SCCU may charge a maximum interest rate of 18% annually on any extension of credit to a member.¹⁹ If an SCCU adopts the most favored lender status, an SCCU may charge a rate of not more than 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where such insured credit union is located or at the rate allowed by the laws of the State, territory, or district where such credit union is located, whichever may be greater.²⁰ With respect to a loan, including open-end credit, excluding credit cards, Minnesota law allows a maximum interest rate not to exceed the greater of 21.75% or the total of 33% per year on the unpaid balance not exceeding \$1,200 and 19% per year on the part of the balance exceeding \$1,200.²¹ Credit card

¹⁴ 12 CFR § 723.4(c).

¹⁵ 12 CFR § 723.1(b).

¹⁶ 12 CFR § 701.21(c)(7); NCUA Letter to Federal Credit Unions 09-FCU-06.

¹⁷ 12 CFR § 701.21(c)(7)(ii).

¹⁸ Minn. Stat. §§ 52.14; 48.195.

¹⁹ Minn. Stat. § 52.04 Subd. 3; 12 CFR § 701.21(c)(7).

²⁰ Federal Credit Union Act § 1785(g).

²¹ Minn. Stat. § 47.59, Subd. 3(a)

interest is capped at an 18% annual rate.²² Minnesota law allows a credit sale contract to charge a maximum interest rate of 19% or the total of 36% per year on \$300 or less, 21% per year on the amount that exceeds \$300 but does not exceed \$1,000, and 15% per year on the amount that exceeds \$1,000.²³ Minnesota law allows a retail installment contract to charge a maximum interest rate of 14.5%, 18%, 19.75% or 23.25% depending on the class designation of the motor vehicle.²⁴

Prepayment Penalties

FCU – FCUs may not charge a fee when a member repays a loan in whole or in part prior to maturity.²⁵ An FCU that waives certain settlement fees in connection with a loan may recoup them from the member if the member pays off the loan during the first, second or third year of the loan but before the loan matures.²⁶ Certain disclosure requirements must be followed to be considered a recouping of fees versus a prepayment penalty.²⁷

SCCU – Minnesota law provides that a borrower or purchaser may prepay in full the unpaid balance of a consumer loan or credit sale contract at any time without penalty.²⁸ Although this Minnesota law does not specifically apply to SCCUs because they are not included in the definition of “financial institution” contained in the applicable law, the statute is used as a guideline. A residential mortgage originator, which includes an SCCU, making a residential mortgage loan that is a prime loan to a borrower located in Minnesota shall not charge, receive or collect any prepayment penalty, fee, premium or other charge for:

- 1) any partial prepayment of the residential mortgage loan;
- 2) any prepayment of the residential mortgage loan upon the sale of any residential real property or the sale of any stock, interest or lease relating to cooperative ownership of residential real property, securing the loan;
- 3) any prepayment of the residential mortgage loan if the prepayment is made more than 42 months after the date of the note or other agreement for the residential mortgage loan; or
- 4) any prepayment of the residential mortgage loan if the aggregate amount of all prepayment penalties, fees, premiums and other charges exceed the lesser of:
 - (i) an amount equal to 2% of the unpaid principal balance of the residential mortgage loan at the time of prepayment; or
 - (ii) an amount equal to 60 days’ interest at the interest rate in effect on the residential mortgage loan at the time of prepayment, on the

²² Minn. Stat. § 47.59 Subd. 3(a)

²³ Minn. Stat. §§ 47.59 Subd. 4; 52.04 Subd. 2a.

²⁴ Minn. Stat. § 47.59 Subd. 4a.

²⁵ 12 CFR § 701.21(c)(6).

²⁶ NCUA Legal Opinion Letters [03-1147](#) and [93-0206](#).

²⁷ NCUA Legal Opinion Letters [03-1147](#) and [93-0206](#).

²⁸ Minn. Stat. § 47.59 Subd. 9.

unpaid principal balance of the residential mortgage loan at the time of prepayment.

Should a residential mortgage originator charge a prepayment penalty in excess of the above limit listed in (4), the residential mortgage originator must provide additional disclosures to the borrower.²⁹

A residential mortgage originator shall not enter into a loan that contains a provision requiring or permitting the imposition of a penalty, fee, premium, or other charge in the event the residential mortgage loan is prepaid in whole or in part if the loan also contains an annual percentage rate that:

(1) for an adjustable rate loan secured by a first lien on a dwelling that can increase in interest rate but not decrease in interest rate below the fully indexed rate at the time of origination, is more than two percentage points above the yield on United States Treasury securities having comparable periods of maturity as of (i) the 15th day of the preceding month if the rate is set between the first and the 14th day of the month, or (ii) the 15th day of the current month if the rate is set on or after the 15th day;

(2) for all other loans secured by a first lien on a dwelling, is more than three percentage points above the yield on United States Treasury securities having comparable periods of maturity as of (i) the 15th day of the preceding month if the rate is set between the first and the 14th day of the month, or (ii) the 15th day of the current month if the rate is set on or after the 15th day; and

(3) for loans secured by a subordinate lien on a dwelling, is more than five percentage points above the yield on United States Treasury securities having comparable periods of maturity as of (i) the 15th day of the preceding month if the rate is set between the first and the 14th day of the month, or (ii) the 15th day of the current month if the rate is set on or after the 15th day.

(d) The prohibitions in this subdivision do not apply to any loan with a principal amount that, or, in the case of an open-end credit plan, in which the borrower's initial maximum credit limit, exceeds the conforming loan size limit for a single-family dwelling as established from time to time by the Federal Housing Finance Administration or its successor.

(e) Annual percentage rate has the meaning given in Code of Federal Regulations, title 12, part 226.³⁰

Late Charges

FCU – An FCU may charge late fees as determined by the board of directors.³¹

²⁹ Minn. Stat. § 58.137 Subd. 2.

³⁰ Minn. Stat. § 58.137 Subd. 2(c)

SCCU – An SCCU may charge reasonable late charges on loans in default.³² Minnesota law provides that a financial institution may contract for and receive a late charge on a payment not paid within 10 days of its due date in an amount not to exceed the greater of 5% of the payment amount or a dollar figure which is adjusted on July 1 of every even numbered year.³³ The adjustment is posted on the [Minnesota Department of Commerce website](#). This Minnesota law does not specifically apply to an SCCU because they are not included in the definition of “financial institution” contained in the applicable law. However, the statute is used by the Minnesota Department of Commerce as a guideline.

Loan Fees

FCU – An FCU may charge origination, closing, application and other related fees for all loans.³⁴

SCCU – An SCCU may require members to pay fees in connection with the making, closing, disbursing, extending, readjusting or renewing of any loan. The credit union board of directors specifies the fees by board resolution, which must be conspicuously posted at the principal office of the credit union for as long as the fees are effective.³⁵

Indirect Lending Programs

FCU – An FCU may acquire vehicle loans from a third-party servicer if the aggregate amount of loans and interests in vehicle loans serviced by that servicer will not exceed 50% of the FCU’s net worth during the initial 30 months of that third-party servicing relationship or 100% of the FCU’s net worth after the initial 30 months of that third-party servicing relationship.³⁶

SCCU – An SCCU may invest in any investment legal for a savings bank.³⁷ Therefore an SCCU may invest in retail installment contracts formed through an indirect lending program.³⁸

³¹ See 12 CFR § 701.21(b)(1)(i)(B) & Appendix A to Part 701 – Federal Credit Union Bylaws, Art. XI, Section 2.

³² Minn. Stat. § 52.04 Subd. 1(27).

³³ Minn. Stat. § 47.59 Subd. 6(a)(4) and Minn. Stat. § 47.59, Subd. 3(i).

³⁴ See 12 CFR 701.21(b)(1)(i)(c).

³⁵ Minn. Rule 2675.6142.

³⁶ 12 CFR § 701.21(h).

³⁷ Minn. Stat. § 52.04 Subd. 1(6).

³⁸ Minn. Stat. § 53C.01.

Equal Housing Poster

FCU – An FCU engaged in real estate lending is required to conspicuously display either the Equal Housing Lender poster or the Equal Housing Opportunity poster in the public lobby of the FCU and in the public area of each FCU office where such loans are made.³⁹

SCCU – An SCCU engaged in real estate lending is required to prominently display the Equal Housing Opportunity poster to be readily apparent to all persons seeking to engage in residential real estate transactions.⁴⁰

Delinquency Schedules

FCU – An FCU is not required by law to follow specific delinquency schedules.

SCCU – An SCCU must consider the whole principal balance of a note due on a monthly installment basis if any portion of an installment remains unpaid 60 days after the scheduled payment date. Delinquent loans must be categorized as follows: Code A – 60 days to 180 days past due; Code B – 181 days to 364 days past due; and Code C – 365 days or more past due.⁴¹

³⁹ 12 CFR § 701.31(d)(2).

⁴⁰ 24 CFR 110.10

⁴¹ Minn. Rule 2675.6143.

Accounts

Opening Transaction Accounts

FCU – An FCU may determine the manner in which share draft accounts are opened.⁴² An FCU must also follow its Bank Secrecy Act policies and procedures when opening accounts.

SCCU – An SCCU may not open or authorize signatory power over a transaction account if: (1) the applicant had a transaction account closed by a financial institution without consent because of issuance by the applicant of dishonored checks within 12 months immediately preceding the application; or (2) the applicant has been convicted of a criminal offense because of the use of a check or other similar item within 24 months immediately preceding the application.⁴³ An SCCU must also follow its Bank Secrecy Act policies and procedures when opening accounts.

Dividends/Interest on Accounts

FCU – An FCU may only offer dividend bearing and non-dividend bearing share accounts.⁴⁴ Share accounts are equity investments, and the return on the investment is classified as dividends.⁴⁵

SCCU – An SCCU may offer both share accounts and deposit accounts.⁴⁶ A member's money placed in a share account earns dividends.⁴⁷ A member's money placed in a deposit account is a debt investment and the return on the investment is classified as interest.⁴⁸

Closing of Transaction Accounts

FCU – An FCU may determine its own contractual obligations when closing a member's share draft account. Minnesota law is not applicable to an FCU regarding matters affecting the closing of share, share draft or share certificate accounts.⁴⁹

⁴² 12 CFR 701.35(c)

⁴³ Minn. Stat. § 48.512 Subd. 3.

⁴⁴ App. C to Part 707 - Official Staff Interpretations to 12 CFR § 707.2(i).

⁴⁵ App. C to Part 707 - Official Staff Interpretations to 12 CFR § 707.2(i).

⁴⁶ Minn. Stat. § 52.04 Subd. 1(1).

⁴⁷ App. C to Part 707 - Official Staff Interpretations to 12 CFR § 707.2(i); Minn. Stat. § 52.18.

⁴⁸ Minn. Stat. § 52.09 Subd. 2(2).

⁴⁹ 12 CFR § 701.35(c).

SCCU – An SCCU cannot close a member’s transaction account without first sending a notice of intent to close to at least one of the account owners at their last known address. The notice must be sent at least 30 days before closure unless the credit union has reasonable suspicion to believe the account is being used in connection with check-related fraud or other crimes, or that funds will not be available to pay items drawn on the account, in which case the notice may be sent the same day the account is closed.
50

⁵⁰ Minn. Stat. § 47.77(b).

Board of Directors/Committees

Election of Board Members

FCU – Depending on the option chosen from the Standard Federal Credit Union Bylaws, the chairperson of an FCU will appoint a nominating committee of three or more members either 30 or 120 days prior to the annual meeting. The nominating committee will nominate at least one member for each vacant position on the board. Depending on the bylaw option chosen, the nominating committee may be required to file its nominations with the secretary of the FCU at least 90 days before the annual meeting. Also, depending on the bylaw option chosen, the secretary may also be required to notify members in writing at least 75 days prior to the annual meeting and that nominations may be made by petition from the membership signed by 1% of the members with a minimum of 20 and a maximum of 500 signatures or from the floor at the annual meeting. Voting may occur at the annual meeting, by mail, by electronic device or may be conducted through voting at ballot boxes. If the number of nominees equals the number of open positions, a vote may not be required.⁵¹

SCCU – At the board meeting two months prior to the annual meeting, the chairperson of the board shall appoint a nominating committee to nominate at least one member of the SCCU for each vacancy on the board.⁵² At the annual meeting, the chairperson shall call for nominations from the floor. If the election is to be held exclusively by mail ballot, there shall be no nominations from the floor. Nominations for elections by mail may only be made by the nominating committee or by petition to the nominating committee signed by at least 25 members or 5% of the total membership, whichever is greater. When nominations are closes, tellers are then appointed by the chairperson, ballots are distributed, the vote is taken and tallied, and the results are announced.⁵³ Upon resolution of the board of directors, credit union members shall be authorized to vote by mail or other verifiable means for election of directors.⁵⁴

Election of Supervisory Committee Members

FCU – An FCU’s supervisory committee, which may consist of three to five members of the FCU, is appointed by the board of directors. One member of the supervisory committee may be a director other than the financial officer or the compensated member of the board. No member of the credit committee or any employee of the FCU

⁵¹ Federal Credit Union Bylaws (Rev. 1/2020) Article V.

⁵² Minnesota Standard Credit Union Bylaws Article VI, Section 1.

⁵³ Minnesota Standard Credit Union Bylaws Article VI, Section 1.

⁵⁴ Minn. Stat. § 52.07.

may be members of the supervisory committee. Terms of members are for periods of 1, 2 or 3 years as decided by the board.⁵⁵

SCCU – Depending on the SCCU bylaws, the members of the SCCU may elect the supervisory committee or the board of directors may appoint the supervisory committee. The supervisory committee consists of three to five members.⁵⁶

Election of Credit Committee Members

FCU – If the bylaws provide for a credit committee, then pursuant to the provisions of the bylaws, an FCU board of directors shall appoint, or the members of the FCU may elect, the members of the credit committee. The credit committee shall consist of an odd number of not fewer than three, but no more than seven, members of the credit union and shall not include more than one loan officer.⁵⁷

SCCU – If the bylaws provide for a credit committee, an SCCU's board of directors shall appoint the credit committee or the members of the SCCU shall elect the credit committee. The credit committee shall consist of three or more members.⁵⁸

Compensation of Board Members

FCU – An FCU may only compensate one board member as an officer of the board. Board members may be reimbursed for reasonable and proper costs incurred in carrying out the responsibilities of their position if the board has determined payment necessary or appropriate. Certain insurance policies may also be provided for board members.⁵⁹

SCCU – An SCCU may not pay a salary to any member of the board, but it may reimburse board members for necessary expenses incurred while serving in such capacity and may compensate board members for time actually spent in official duties at an hourly rate as determined at the annual meeting of members.⁶⁰

⁵⁵ Federal Credit Union Bylaws (Rev. 01/2020) Article IX, Section 1.

⁵⁶ Minn. Stat. § 52.08.

⁵⁷ Federal Credit Union Act § 1761c; Federal Credit Union Bylaws (Rev. 01/2020) Article VIII, Section 1.

⁵⁸ Minn. Stat. §§ 52.08, 52.09, Subd. 2(13); Minnesota Standard Credit Union Bylaws Article V Section 3.

⁵⁹ 12 CFR § 701.33(b)(1).

⁶⁰ Minn. Stat. § 52.09 Subd. 3.

Indemnification of Officers

FCU – An FCU may indemnify its officials and current and former employees for expenses reasonably incurred in connection with judicial or administrative proceedings to which they are or may become a party by reason of performance of their official duties. Indemnification must be consistent with the standards applicable to credit unions generally in the state in which the principal or home office of the FCU is located or with the provisions of the Model Business Corporation Act.⁶¹

SCCU – An SCCU has the power to indemnify each director, officer, committee member, former director, former officer and former committee member against all expenses, including attorney’s fees but excluding amounts paid pursuant to a judgment or settlement agreement, reasonably incurred in connection with or arising out of any action, suit or proceeding to which that person is a party by reason of being or having been a director, officer or committee member of the credit union, except with respect to matters as to which that person is finally adjudged in the action, suit or proceeding to be liable for negligence or misconduct in the performance of duties.⁶² A director’s personal liability to the SCCU or its members for monetary damages for breach of fiduciary duty may be eliminated or limited in the bylaws, but their personal liability to the SCCU or its members cannot be eliminated or limited for breach of duty of loyalty, for acts or omissions made not in good faith or that involve intentional misconduct or a knowing violation of the law, for a transaction from which the director derived an improper personal benefit, or for an act or omission occurring prior to the date when the provision in the bylaws eliminating or limiting liability became effective.⁶³

Guest Travel Reimbursement

FCU – An FCU may reimburse an official of the FCU for travel costs for one guest per official if reimbursement of the official is related to a reasonable and proper cost incurred by the official in carrying out the responsibilities of the position to which that person has been elected or appointed.⁶⁴

SCCU – Minnesota law is silent regarding travel reimbursement for guests of officials of an SCCU.

Supervisory Committee Duties

⁶¹ 12 CFR § 701.33(c).

⁶² Minn. Stat. § 52.04 Subd. 1(11).

⁶³ Minn. Stat. § 52.09 Subd. 5.

⁶⁴ 12 CFR § 701.33(b)(2)(i).

FCU – The supervisory committee of an FCU makes, or causes to be made, the audits, and prepares and submits the written reports required by the Federal Credit Union Act and the NCUA Rules & Regulations. The committee may employ and use the clerical and auditing assistance required to carry out its responsibilities. The committee may request the board to provide compensation for this assistance. It will prepare and forward to the Administration required reports.⁶⁵ The supervisory committee is also required to verify the accounts of members with the records of the financial officer at least once every two years.⁶⁶

SCCU – The supervisory committee of an SCCU must examine the affairs of the SCCU at least semiannually in June and December including an audit of the books and if necessary, may call the members together to submit its report. The supervisory committee must also make an annual report of its audits and submit them at the annual meeting of members.⁶⁷ The supervisory committee of an SCCU is also required to verify the accounts of members with the records of the financial officer at least once every two years.⁶⁸

Power to Remove Directors/Committee Members

FCU –

Supervisory Committee Power – By unanimous vote, the supervisory committee may suspend any director, board officer, or member of the credit committee.⁶⁹ The supervisory committee must call a special meeting of the members to act on the suspension, at which a majority vote of the members present at a special meeting called for the purpose of removal may remove a director, board officer or member of the credit committee, but only after giving the suspended person an opportunity to be heard.⁷⁰

Board of Directors' Power – A majority vote of the board of directors may suspend a member of the supervisory committee.⁷¹ The chairman or by a majority vote of the board of directors may call a special meeting of the members to act on the suspension.⁷² A committee member may be removed from office by a majority vote of the members present at the special meeting called for the purpose of removal, but only after an opportunity has been given to the member to be heard.⁷³ The board of

⁶⁵ Federal Credit Union Bylaws (Rev. 1/2020) Article IX Section 3.

⁶⁶ 12 CFR § 715.8.

⁶⁷ Minn. Stat. § 52.11.

⁶⁸ 12 CFR § 715.8.

⁶⁹ Federal Credit Union Bylaws (Rev. 1/2020) Article IX Section 5.

⁷⁰ Federal Credit Union Bylaws (Rev. 1/2020) Article XVI Section 3.

⁷¹ Federal Credit Union Bylaws (Rev. 1/2020) Article VI Section 9.

⁷² Federal Credit Union Bylaws (Rev. 1/2020) Article IV Section 3.

⁷³ Federal Credit Union Bylaws (Rev. 1/2020) Article XVI Section 3.

directors may remove any board officer from office for failure to perform the duties thereof after giving the officer reasonable notice and an opportunity to respond to the issues.⁷⁴

SCCU –

Supervisory Committee Power – The supervisory committee shall by unanimous vote, if it deems such action to be necessary to the proper conduct of the credit union, suspend any officer, director, or member of committee, and call the members together to act on the suspension. The members at the meeting may, by majority vote of those present, sustain the suspension and remove an officer permanently, or may reinstate the officer. By majority vote, the supervisory committee may call a special meeting of the members to consider any matter submitted to it by the committee. The committee shall fill vacancies in its own membership until successors are chosen and qualify at the next annual meeting.⁷⁵

Board of Directors’ Power – With the permission of the commissioner of commerce, the board of directors of an SCCU may suspend any member of the credit committee or supervisory committee if it deems such action necessary to the proper conduct of the credit union. The board of directors shall call the members together to act on the suspension within a reasonable time. The members at the meeting may, by majority vote of those present, sustain the suspension and permanently remove the committee member or may reinstate the committee member.⁷⁶ A special meeting may be called by the chairman of the board or shall be called by the secretary of the board upon the request of three or more directors.⁷⁷

Declaring an Office Vacant

FCU – If a director or credit committee member of an FCU fails to attend regular meetings of the board or credit committee for three consecutive months, or four meetings in a calendar year, or otherwise fails to perform any of the duties of a director or credit committee member, the office may be declared vacant by the board of directors.⁷⁸

SCCU – If a member of the board of directors fails to attend three consecutive regular meetings, unless excused for cause, the office shall be declared vacant.⁷⁹

⁷⁴ Federal Credit Union Bylaws (Rev. 1/2020) Article VI Section 8b.

⁷⁵ Minn. Stat. § 52.11(3).

⁷⁶ Minn. Stat. § 52.09 Subd. 2(11).

⁷⁷ Minnesota Standard Credit Union Bylaws (Revised 2018) Article IV Section 4.

⁷⁸ Federal Credit Union Bylaws (Rev. 1/2020) Article VI Section 8.

⁷⁹ Minnesota Standard Credit Union Bylaws (Revised 2018) Article IV Section 6.

MEMBERSHIP

Field of Membership

FCU – An FCU’s field of membership shall be limited to the membership described in one of the following ways: (1) single common bond; (2) multiple common bond; or (3) community.⁸⁰ A single common bond may be occupational, associational or based upon a trade, industry or profession (TIP). An occupational single common bond may consist of employees of a certain employer or students of a particular school. An associational single common bond may consist of people who participate in activities developing common loyalties, mutual benefits and mutual interests. A multiple common bond may be a combination of single occupational and/or associational common bonds. These groups must be within the service area of one of the FCU’s service facilities. A service facility is a place where shares are accepted for members’ accounts, loan applications are accepted or where loans are disbursed. Examples of service facilities include an FCU-owned branch, mobile branch, office operated on a regularly scheduled weekly basis, an FCU-owned ATM, or an FCU-owned electronic facility.⁸¹

SCCU – A SCCU shall be organized to include persons within one or more groups or any combination of groups having a common bond of occupation, association or community.⁸² Community includes an identifiable local neighborhood, community, rural district or other geographically well-defined area in which individuals have common interests or interact.⁸³ Organizations, incorporated or otherwise, composed for the most part of the same general group as the SCCU membership may be members. SCCUs chartered by Minnesota or any other state, or any federal credit union may be members.⁸⁴

Membership Eligibility Based Upon Relation to Member

FCU – In addition to a regularly-qualified member, an individual may be eligible for membership in an FCU based upon that person being a member of the immediate family or household of a member of an FCU. An immediate family member includes a spouse, child, sibling, parent, grandparent, grandchild, stepparent, stepchild, stepsibling, and

⁸⁰ Federal Credit Union Act § 1759(b).

⁸¹ NCUA Chartering & Field of Membership Manual.

⁸² Minn. Stat. § 52.05 Subd. 1.

⁸³ Minn. Stat. § 52.001 Subd. 5.

⁸⁴ Minn. Stat. § 52.05 Subd. 1.

adoptive relationships. A household includes those persons living in the same residence maintaining a single economic unit.⁸⁵

SCCU – In addition to a regularly-qualified member, the spouse of a member, the blood or adoptive relatives of either of them and their spouses may become members of an SCCU. When an individual member of a credit union leaves the field of membership, the member, and all persons who became members by virtue of that individual's membership may continue as members. The surviving spouse of a regularly qualified member and the blood or adoptive relatives of either of them and their spouses may also become members of an SCCU.⁸⁶

Member Inspection of Books, Records & Minutes

FCU – A group of members of an FCU may submit a petition to the FCU to inspect and copy non-confidential portions of the FCU's accounting books and records as well as minutes of the proceedings of the members, board of directors and committees of directors.⁸⁷ A minimum of 1% of the FCU's members, but not less than 20 members and with a maximum requirement of 500 members, must sign the petition. Petitioners must have been members of the FCU for at least 180 days prior to submitting the petition.⁸⁸

SCCU – There is no Minnesota law allowing members of an SCCU to petition the SCCU for inspection of its books, records, and minutes.

Denial/Suspension of Member Services

FCU – All members of an FCU are entitled to two basic rights: (1) the right to maintain a share account; and (2) the right to vote at annual meetings. These two rights cannot be terminated without following the Federal Credit Union Act's expulsion requirements.⁸⁹ However, nothing in the Act or NCUA Rules & Regulations restrict an FCU from implementing a policy suspending services to members provided the FCU has a rational basis for doing so and the FCU members have notice of the policy. Examples of permissible suspension of services situations are when access to the credit union premises is denied because a member has been abusive or threatening to credit union staff and when extension of credit services is denied because a member caused a loss or repeatedly presented counterfeit items.⁹⁰

⁸⁵ NCUA Chartering & Field of Membership Manual.

⁸⁶ Minn. Stat. § 52.05 Subd. 1.

⁸⁷ 12 CFR § 701.3(a).

⁸⁸ 12 CFR § 701.3(b).

⁸⁹ Federal Credit Union Act §§ 1759; 17.

⁹⁰ NCUA Legal Opinion Letter 8-12-08 (08-0431).

SCCU – Minnesota law does not discuss suspension of member services for SCCUs.

Member Expulsion

FCU – An FCU may expel a member by two methods. A member of an FCU may be expelled by a two-thirds vote of the members of the FCU present at a special meeting called for the purpose of expulsion, but only after an opportunity has been given to the member to be heard.⁹¹ In addition, the board of directors of an FCU may, by majority vote of a quorum of directors, adopt and enforce a policy with respect to expulsion from membership based on a member's nonparticipation in the affairs of the FCU.⁹² Examples of nonparticipation are: failure to vote in annual FCU elections, failure to purchase shares from the FCU, failure to obtain a loan from the FCU or failure to lend to the FCU.⁹³ Causing a loss to an FCU is not considered nonparticipation in the FCU.⁹⁴

SCCU – An SCCU may expel a member by two methods. A member of an SCCU may be expelled by a two-thirds vote of the members present at a special meeting called to consider the expulsion but only after a hearing.⁹⁵ In addition, an SCCU board of directors can adopt a policy and procedure for expelling members for cause and for nonparticipation in the credit union.⁹⁶ Nonparticipation must be based on failure to purchase and maintain at least one credit union share, failure to pay entrance or membership fees.⁹⁷ "cause" includes a loss to the credit union, a violation of the membership agreement, fraud, attempted fraud, other illegal behavior or inappropriate behavior as defined by credit union policy such as physical or verbal abuse of credit union members or staff.⁹⁸ Should an SCCU board adopt such a policy, written notice of the policy and procedure and the effective dates must be mailed to each member of the SCCU not less than 30 days before the effective date.⁹⁹

⁹¹ Federal Credit Union Act § 1764.

⁹² Federal Credit Union Act § 1764.

⁹³ Federal Credit Union Act § 1764.

⁹⁴ NCUA Legal Opinion Letter 6-10-96 (96-0530).

⁹⁵ Minn. Stat. § 52.19 Subd. 1.

⁹⁶ Minn. Stat. § 52.19 Subd. 2.

⁹⁷ Minn. Stat. § 52.19 Subd. 2.

⁹⁸ Minn. Stat. § 52.19, Subd. 2(b)

⁹⁹ Minn. Stat. § 52.19 Subd. 2.

Credit Union Powers

General Powers

FCU – An FCU may exercise those powers and activities and take actions as permitted by the Federal Credit Union Act.¹⁰⁰

SCCU – An SCCU may exercise those powers set forth in Chapter 52 of the Minnesota Statutes. Minnesota law allows an SCCU to exercise the powers and activities of, or take any action permitted for, an FCU upon approval by the commissioner of commerce.¹⁰¹ However, the commissioner of commerce may not authorize an SCCU to engage in an activity prohibited by Minnesota law.¹⁰²

Ownership of Fixed Assets

FCU – An FCU’s management team, under policies set by the board of directors, may make decisions to upgrade facilities, update technology, and purchase other fixed assets.¹⁰³ If an FCU acquires premises, including unimproved land or unimproved real property, it must partially occupy each of them within a reasonable period, but no later than six years after the date of acquisition. NCUA may waive the partial occupation requirements. To seek a waiver, a federal credit union must submit a written request to its Regional Office and fully explain why it needs the waiver. The Regional Director will provide the federal credit union a written response, either approving or disapproving the request. The Regional Director's decision will be based on safety and soundness considerations.¹⁰⁴ must make diligent efforts to dispose of abandoned premises and any other real property it does not intend to use in transacting business. The federal credit union must seek fair market value for the property and record its efforts to dispose of abandoned premises. After premises have been abandoned for four years, the federal credit union must publicly advertise the property for sale. The federal credit union must complete the sale within five years of abandonment, unless NCUA waives this requirement.¹⁰⁵

SCCU – An SCCU may not purchase real estate other than for use as credit union premises.¹⁰⁶ Investments in SCCU premises or leasehold investments may not exceed

¹⁰⁰ Federal Credit Union Act § 1757.

¹⁰¹ Minn. Stat. § 52.04 Subd. 3.

¹⁰² Minn. Stat. § 52.04 Subd. 3.

¹⁰³ NCUA Supervisory Letter [10-1-2015](#) (No. 15-03).

¹⁰⁴ 12 CFR § 701.36(c)(1).

¹⁰⁵ 12 CFR § 701.36(c)(2).

¹⁰⁶ Minn. Rule 2675.6110.

50% of the total reserves of the SCCU unless the Minnesota Department of Commerce provides prior approval.¹⁰⁷

Statutory Lien

FCU – An FCU can impress a statutory lien upon a member’s account by giving notice in the member’s account agreement or other account opening document, by giving notice in a loan document signed or otherwise acknowledged by the member or by giving the member notice of an FCU bylaw or policy adopted by the board of directors. Upon default of an obligation owed by a member to an FCU, the FCU can enforce its statutory lien against a member’s account by debiting funds in the account and applying them to the extent of any of the member’s outstanding financial obligations to the FCU.¹⁰⁸

SCCU – An SCCU has a lien on the shares and deposits of its members for any sum due to the SCCU from the member or for any loan endorsed by that member. The SCCU has the right to setoff against any account in which the member has or had immediately before death a present right of withdrawal.¹⁰⁹

Credit Union Service Organizations

FCU – An FCU can invest in or loan to a credit union service organization (CUSO) only if the CUSO primarily serves credit unions, its membership or the membership of credit unions contracting with the CUSO.¹¹⁰

SCCU – Minnesota law does not specifically discuss an SCCU’s power to invest in or loan to a CUSO.

Investments

FCU – An FCU may invest as permitted by the Federal Credit Union Act and NCUA Rules & Regulations. Permissible investments for an FCU include, but are not limited to participations in loans,¹¹¹ purchasing loans,¹¹² investing in fixed assets,¹¹³ general

¹⁰⁷ Minn. Rule 2675.6111.

¹⁰⁸ 12 CFR § 701.39(d); 12 U.S.C. 1757(11).

¹⁰⁹ Minn. Stat. § 52.12.

¹¹⁰ 12 CFR § 712.3(b).

¹¹¹ 12 CFR § 701.22.

¹¹² 12 CFR § 701.23.

¹¹³ 12 CFR § 701.36.

investment and deposit activities,¹¹⁴ investing in credit union service organizations¹¹⁵ and lending to members including the making of member business loans.¹¹⁶

SCCU – An SCCU may invest in any investment legal for a savings bank or trust fund in the state of Minnesota.¹¹⁷ The trustee of a trust fund must invest and manage trust assets by following the prudent investor rule.¹¹⁸ Permissible investments for an SCCU include, but are not limited to: acquiring interests in loans,¹¹⁹ making loans to members,¹²⁰ investing in credit union premises or leasehold investments¹²¹ and depositing funds in other credit unions.¹²² SCCU investments permitted by Minnesota law but not permitted for FCUs must establish an additional special reserve for investments.¹²³

Charitable Donations

FCU – An FCU may make charitable contributions and donate funds to recipients such as community groups, nonprofit organizations, other credit unions or credit union affiliated causes, political donations, as well as donations to create charitable foundations.¹²⁴ FCU's may establish a charitable donation account (CDA) pursuant to certain requirements and restrictions, including a limitation on much may be invested in the CDA.¹²⁵

SCCU – No specific Minnesota laws discuss an SCCU's power to make charitable contributions and/or donate funds.

¹¹⁴ 12 CFR § 703.

¹¹⁵ 12 CFR § 712.

¹¹⁶ 12 CFR §§ 701.21, 723.

¹¹⁷ Minn. Stat. § 52.04 Subd. 1(6).

¹¹⁸ Minn. Stat. § 501C.0901.

¹¹⁹ Minn. Stat. § 52.04 Subd. 1(28).

¹²⁰ Minn. Stat. § 52.04 Subd. 1(3).

¹²¹ Minn. Rule 2675.6111.

¹²² Minn. Stat. § 52.04 Subd. 1(9).

¹²³ 12 CFR § 741.3(a)(2).

¹²⁴ 12 CFR § 721.3(b)(1).

¹²⁵ 12 CFR § 721.3(2).

Taxation

Taxation

FCU – FCUs are not subject to state or federal income tax.¹²⁶ FCUs are not subject to sales and use taxes on purchases. FCUs must collect applicable taxes from purchasers of taxable property. FCUs are subject to real property taxes and employment taxes.

SCCU – SCCU are not subject to state or federal income tax.¹²⁷ SCCUs are subject to sales and use taxes, real property taxes and employment taxes.

Unrelated Business Income Tax

FCU – An FCU derives its tax-exempt status from Section 501(c)(1) of the Internal Revenue Code. The Internal Revenue Code does not subject 501(c)(1) organizations to unrelated business income tax. Therefore, an FCU does not have to file Form 990 or 990-T with the Internal Revenue Service and does not have to pay taxes on income derived from any unrelated trade or business regularly carried on by the FCU.

SCCU – An SCCU derives its tax-exempt status from Section 501(c)(14) of the Internal Revenue Code. The Internal Revenue Code subjects 501(c)(14) organizations to unrelated business income tax (UBIT). All SCCUs therefore must annually file IRS Form 990 or 990-T with the Internal Revenue Service to report income derived from any unrelated trade or business regularly carried on by the SCCU. The Internal Revenue Service publishes guidance regarding UBIT on exempt organizations.¹²⁸

¹²⁶ 26 USC 501(c)(1); Federal Credit Union Act § 1768.

¹²⁷ 26 USC 501(c)(14); Minn. Stat. § 290.05 Subd. 2.

¹²⁸ IRS [Publication](#), Tax on Unrelated Business Income of Exempt Organizations.

Other

Organization of Credit Union

FCU – To organize an FCU, seven or more natural persons (the “subscribers”) must present a sworn organization certificate to NCUA stating the name and location of the proposed FCU, territory in which it will operate, names and addresses of the subscribers to the certificate and number of each person’s subscribed shares, initial par value of shares, proposed field of membership and that the certificate is made to enable such persons to avail themselves of the advantages of the Federal Credit Union Act.¹²⁹ In addition, the applicants must provide a Report of Officials and Agreement to serve, a business plan, an application and an agreement for Insurance of Accounts and Certificates of Resolutions. If approved, the board of directors of the FCU will receive a signed charter and standard bylaws from NCUA.

SCCU – To form an SCCU, seven residents of the state of Minnesota may apply to the commissioner of commerce for permission. The applicants must submit a certificate of organization stating the name and location of the proposed SCCU, names and addresses of the applicants and number of shares subscribed by each. The applicants must also submit an SCCU charter petition stating the common bond of the proposed SCCU, number of potential members, geographic dispersion of the potential members, evidence of interest including willingness of potential members to assume responsibility for leadership and service, a two-year feasibility study, availability of other services to potential members and other information the Minnesota Department of Commerce may require.¹³⁰ The applicants also must prepare the SCCU’s bylaws for submission to the Minnesota Department of Commerce. The Minnesota Department of Commerce will make a determination within 60 days. If a favorable determination, the Minnesota Department of Commerce, upon receipt of a commitment for insurance of accounts, shall issue a certification of approval attached to the duplicate Certification of Organization and duplicate bylaws for return to the applicants.

Credit Union Bylaw Amendments

FCU – The board of an FCU may adopt amendments of these bylaws by an affirmative two-thirds vote of the directors. Written NCUA approval is required for the amendment of the bylaws to become effective. After adopting amendments, the credit union will update the bylaws posted on its website (if such credit union maintains a website) and ensure that members seeking to inspect the bylaws receive the most current version of the bylaws. To adopt amendments to the credit union's charter, board members must

¹²⁹ NCUA Chartering & Field of Membership Manual.

¹³⁰ Minn. Stat. § 52.01.

vote at a duly held meeting after receiving prior written notice of the meeting and a copy of the proposed amendment or amendments with the notice. Written NCUA approval is required for the amendment to the charter to become effective.¹³¹

SCCU – At the annual or a special meeting of the members, the members may, by a two-thirds vote of the members voting, amend the SCCU’s bylaws. A notice in advance of the meeting must be provided to members.¹³² In addition, the board of directors of an SCCU may, by a two-thirds vote, amend the bylaws and report the results at the next annual meeting.¹³³ All amendments to the bylaws must be approved by the Minnesota Department of Commerce before they become effective.¹³⁴

Share Insurance Requirement

FCU – The National Credit Union Share Insurance Fund (NCUSIF) shall insure member accounts of all FCUs.¹³⁵

SCCU – Every SCCU under the supervision of the Minnesota Department of Commerce shall maintain member share and deposit insurance under the NCUSIF.¹³⁶

Credit Union Merger

FCU – An FCU may merge with an SCCU or FCU upon approval by all regulatory agencies concerned.¹³⁷ The merging credit unions’ boards of directors must first approve the proposed merger and prepare a proposed merger plan. Upon approval of the proposed merger plan, the board must submit certain specific information to NCUA for approval.¹³⁸ Upon NCUA approval of the merger plan, the members of the merging FCU must receive written notice at least 45 calendar days, but no more than 90 calendar days, before any member meeting called to vote on the merger proposal.¹³⁹ The notice must contain a statement of the purpose the meeting and the time and place and other information regarding the merger.¹⁴⁰ Within 30 calendar days of receiving the notice provided to members pursuant to paragraph (a) of this section, members may jointly or individually submit a comment about the merger to the NCUA. The NCUA will post these

¹³¹ Federal Credit Union Bylaws (Rev. 01/2020) Article XVII.

¹³² Minn. Stat. § 52.02, Subd. 1; Minnesota Standard Credit Union Bylaws Article VII, Section 1.

¹³³ Minn. Stat. § 52.02, Subd. 2; Minnesota Standard Credit Union Bylaws Article VII, Section 2.

¹³⁴ Minn. Stat. § 52.02, Subd. 3; Minnesota Standard Credit Union Bylaws Article VII, Section 4.

¹³⁵ Federal Credit Union Act § 1781.

¹³⁶ Minn. Stat. § 52.24 Subd. 1.

¹³⁷ 12 CFR § 708b.101(b); Minn. Stat. § 52.203.

¹³⁸ 12 CFR § 708b.103 - 104.

¹³⁹ 12 CFR § 708b.106(a)

¹⁴⁰ 12 CFR § 708b.106(b).

comments on a website accessible to credit union members.¹⁴¹ Approval of a proposal to merge a federally insured credit union into a federally insured credit union requires the affirmative vote of a majority of the members of the merging credit union who vote on the proposal. Members must be members as of the record date to vote.¹⁴² Upon approval of the membership, the board of the FCU must certify the results of the vote of the membership to NCUA within 10 days.¹⁴³ Upon approval of the membership of the merging credit unions, NCUA and the Minnesota Department of Commerce, if applicable, the credit unions may complete the merger.¹⁴⁴ The board of the surviving credit union must certify completion of the merger to NCUA within 30 days of the merger effective date.¹⁴⁵

SCCU – An SCCU may merge with any other SCCU or FCU upon approval by all regulatory agencies concerned.¹⁴⁶ The credit union being absorbed may do so after a majority of its members who vote on the proposal have voted in favor of the merger at a special meeting called by a majority of the board of directors for that purpose. The board must give mailed written notice of the special meeting at which the vote will occur to each member at least 45 but no more than 90 calendar days prior to the meeting. Upon approval by the membership, the board of directors may execute a merger agreement with the merging credit union subject to approval by the commissioner of commerce.¹⁴⁷ The surviving credit union, if an SCCU, may execute a merger agreement upon approval by the commissioner of commerce and the credit union’s board of directors.¹⁴⁸

Conversion of Charter

FCU – An FCU may convert to an SCCU.¹⁴⁹ A majority of the directors of an FCU shall set a date for the vote by the members. The board must give notice, by delivering in person to each member or by mail to each member, between seven and thirty days prior to the meeting to vote on the conversion.¹⁵⁰ The members may approve the conversion by an affirmative vote of a majority of the members voting on the proposal.¹⁵¹ The members must also authorize seven or more members, upon approval of the commissioner of commerce, to execute a Certificate of Incorporation.¹⁵² Within 10 days after the vote has taken place, a statement of the results of the vote verified by the president or vice-

¹⁴¹ 12 CFR § 708b.106(d).

¹⁴² 12 CFR § 708b.106(g).

¹⁴³ 12 CFR § 708b.107.

¹⁴⁴ 12 CFR § 708b.108.

¹⁴⁵ 12 CFR § 708b.108.

¹⁴⁶ Minn. Stat. § 52.203.

¹⁴⁷ Minn. Stat. § 52.203.

¹⁴⁸ Minn. Stat. § 52.203.

¹⁴⁹ Federal Credit Union Act § 1771(a).

¹⁵⁰ Federal Credit Union Act § 1771; Minn. Stat. § 52.201.

¹⁵¹ Federal Credit Union Act § 1771; Minn. Stat. § 52.201.

¹⁵² Minn. Stat. § 52.201.

president and secretary shall be filed with NCUA. Within 10 days of receiving the SCCU charter, the credit union shall file a copy of the charter with NCUA.¹⁵³

SCCU – An SCCU may convert to an FCU.¹⁵⁴ A majority of the members of the SCCU board of directors must vote in favor of converting to an FCU. A majority of the board of directors must then call a special meeting for members of the SCCU to vote on the conversion. Two-thirds of the members of the SCCU present and entitled to vote must vote in favor of conversion at a special meeting for the purpose of voting, upon 14 days mailed written notice of a special meeting to each member, or at any regular meeting after the same notice of purpose is provided.¹⁵⁵ If approved, the members choose, by a majority vote of the members present at the meeting, a committee of three members to dissolve the credit union. The officers of the credit union must file with the deputy commissioner a certified copy of the minutes of the meeting, a statement outlining the plan and a verified statement in writing signed by a majority of officers consenting to the dissolution. If approved, the Minnesota Department of Commerce will issue a certificate of approval. The credit union must then file with NCUA proof of compliance with state laws on conversion and apply for an organization certificate. NCUA will then approve the organizational certificate for the new FCU.¹⁵⁶

Annual Operating Fee

FCU – All FCUs are required to pay NCUA an operating fee each calendar year. The fee is based on the total assets of the FCU as of December 31 of the previous year.¹⁵⁷

SCCU – SCCUs are required to pay examination fees to the Minnesota Department of Commerce.¹⁵⁸ The fee is based upon total assets of the SCCU at the end of the previous calendar year.¹⁵⁹

¹⁵³ Federal Credit Union Act § 1771.

¹⁵⁴ Federal Credit Union Act § 1771(b)(1); Minn. Stat. § 52.202.

¹⁵⁵ Minn. Stat. § 52.20.

¹⁵⁶ Instructions from Minnesota Department of Commerce regarding conversion from SCCU to FCU.

¹⁵⁷ 12 CFR § 701.6(a).

¹⁵⁸ Minn. Stat. § 46.131, Subd. 1.

¹⁵⁹ Minn. Stat. § 46.131, Subd. 4.