



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6284 (Substitute H-1 as reported without amendment)
Sponsor: Representative David Palsrok
House Committee: Commerce
Senate Committee: Banking and Financial Institutions

CONTENT

The bill would amend the Credit Union Act to do all of the following:

- Require domestic credit unions to follow generally accepted accounting principles, unless another accounting standard was required by law, rule, or regulation.
- Extend qualification requirements for credit union directors and supervisory or credit committee members to members of other credit union committees, and include other committee members in provisions that allow the Commissioner of the Office of Financial and Insurance Services (OFIS) to remove credit union officials from office.
- Reduce from \$1.75 to \$1 the minimum base fee on each \$1,000 of assets up to \$500,000, in the calculation of a credit union's annual operating fee charged by the OFIS Commissioner.
- Require, rather than allow, a domestic credit union to consider collateral, creditworthiness, and the duration of the loan in establishing a loan's interest rate.
- Extend the Act's prohibition against more favorable loan rates or terms for credit union officials to people who had a common ownership, investment, or other pecuniary interest in a business with credit union officials or their family members.
- Prohibit a domestic credit union from lending more than \$20,000 or 25% of its net worth, whichever was greater, to a borrower or any affiliates of the borrower.
- Require the mailing of only a 90-day notice to credit union members, rather than a 90-day and a 60-day notice, when a credit union board called a special meeting to propose conversion to another type of financial institution.
- Require the posting of a notice in credit union branches and on a credit union's internet website, if it conducted member transactions through a website, at least 60 days before a special meeting to vote on a proposal to convert to another type of financial institution.

MCL 490.102 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 12-3-04

Fiscal Analyst: Maria Tyszkiewicz