

SUBSTITUTE FOR  
HOUSE BILL NO. 6284

A bill to amend 2003 PA 215, entitled  
"Credit union act,"  
by amending sections 102, 104, 201, 203, 212, 214, 217, 234, 301,  
302, 304, 307, 331, 341, 342, 345, 352, 357, 371, 373, 374, 382,  
386, 401, 402, 407, and 423 (MCL 490.102, 490.104, 490.201,  
490.203, 490.212, 490.214, 490.217, 490.234, 490.301, 490.302,  
490.304, 490.307, 490.331, 490.341, 490.342, 490.345, 490.352,  
490.357, 490.371, 490.373, 490.374, 490.382, 490.386, 490.401,  
490.402, 490.407, and 490.423).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1       Sec. 102. As used in this act:
- 2       (a) "Affiliate" means a person, other than an individual or  
3 governmental entity, to which any of the following apply:
- 4       (i) A credit union directly or indirectly owns or controls a  
5 majority of the person's voting shares or other voting ownership

1 interests.

2 (ii) A credit union directly or indirectly owns or controls  
3 more than 50% of the number of shares or other ownership  
4 interests voted at the most recent election for the election of  
5 its directors, trustees, or other individuals who exercise  
6 similar functions.

7 (iii) A credit union has the power to directly or indirectly  
8 elect a majority of the person's directors, trustees, or other  
9 individuals who exercise similar functions.

10 (iv) A majority of a credit union board constitutes a  
11 majority of the directors, trustees, or other persons exercising  
12 similar functions of the person.

13 (b) "Alien credit union" means a credit union organized under  
14 the laws of a country other than the United States.

15 (c) "Bank" means a bank that is organized under the laws of  
16 this state, any other state, the District of Columbia, or a  
17 territory or protectorate of the United States, or a national  
18 banking association chartered by the federal government under the  
19 national bank act, chapter 106, 13 Stat. 99, and whose deposits  
20 are insured by an agency of the federal government.

21 (d) "Borrower" means a member who obtains a loan from a  
22 domestic credit union.

23 (e) "Branch" means a place of business, other than the  
24 principal place of business, that is owned or leased by a credit  
25 union and where the credit union transacts business authorized by  
26 the credit union board.

27 (f) "Commissioner" means the commissioner of the office of

1 financial and insurance services in the department of ~~consumer~~  
2 ~~and industry services~~ **labor and economic growth.**

3 (g) "Corporate credit union" means a ~~domestic~~ credit union  
4 ~~described in section 302~~ **whose field of membership consists**  
5 **primarily of other credit unions.**

6 (h) "Credit union" means a domestic or foreign credit union.

7 (i) "Credit union board" means a board of directors, board of  
8 trustees, or other governing body of a credit union.

9 (j) "Credit union service organization" means ~~an~~  
10 ~~organization described in section 407~~ **a corporation or other**  
11 **organization that is engaged primarily in providing 1 or more of**  
12 **the products or services described in section 407 to credit**  
13 **unions or their members and that a domestic credit union may**  
14 **organize, invest in, or lend to under section 401(2)(gg).**

15 (k) "Debt management" means that term as defined in section 2  
16 of the debt management act, 1975 PA 148, MCL 451.412.

17 (l) "Domestic credit union" means a cooperative, nonprofit  
18 entity organized under this act for the purposes of encouraging  
19 thrift among its members, providing a variety of financial  
20 services to its members, and providing an opportunity for its  
21 members to use and control their own money on a democratic basis  
22 in order to improve their economic and social condition.

23 (m) "Eligibility record date" means a record date that is 1  
24 year or more before the adoption of a plan of conversion by a  
25 credit union board and is set forth in a plan of conversion for  
26 determining eligible members of a converting credit union.

27 (n) "Emergency" means a condition, event, or occurrence that

1 meets both of the following:

2       (i) It has or may interfere with the conduct of normal  
3 business operations, or poses an imminent or existing threat to  
4 the safety and security of a person or property, at the principal  
5 place of business or 1 or more branches of a credit union.

6       (ii) It is the result of a fire, flood, earthquake,  
7 hurricane, tornado, wind, rain, snowstorm, labor dispute or  
8 strike, power failure, transportation failure, fuel shortage,  
9 interruption of a communication facility, shortage of housing,  
10 epidemic or other natural or manmade catastrophe, riot, civil  
11 commotion, or any other act of lawlessness or violence.

12       (o) "Federal credit union" means a credit union organized  
13 under the laws of the United States.

14       (p) "Field of membership" means that term as established  
15 under section 352.

16       (q) "Financial institution" means a credit union, bank,  
17 savings bank, or savings and loan association.

18       (r) "Foreign credit union" means a credit union organized  
19 under the laws of another state or territory of the United States  
20 or a federal credit union.

21       (s) "Insolvent" means a credit union that meets either of the  
22 following:

23       (i) It is not able to pay its debts and other obligations,  
24 including those related to member shares, as they become due.

25       (ii) Its liabilities exceed its assets.

26       Sec. 104. (1) A person shall not use the words "credit  
27 union" in its name or ~~title~~ **any assumed names**, unless it is 1

1 of the following:

2 (a) A domestic credit union or a foreign credit union.

3 (b) A credit union trade association.

4 (c) A credit union service organization.

5 (d) An organization that is wholly owned by 1 or more  
6 domestic credit unions, foreign credit unions, credit union trade  
7 associations, or credit union service organizations.

8 (e) A separate segregated fund established under section 55  
9 of the Michigan campaign finance act, 1976 PA 388, MCL 169.255,  
10 or a political action committee under federal law.

11 (2) A credit union may not use the word "corporate" or the  
12 words "corporate central" immediately before the words "credit  
13 union" in its name unless it is a corporate credit union  
14 organized under this act, the laws of another state or territory  
15 of the United States, or the laws of the United States.

16 Sec. 201. (1) The commissioner shall administer the laws of  
17 this state relating to credit unions transacting business in this  
18 state and shall supervise domestic credit unions, and foreign  
19 credit unions other than federal credit unions transacting  
20 business in this state. Each domestic credit union shall report  
21 its financial condition as required by the commissioner.

22 (2) The commissioner shall charge an annual operating fee to  
23 each domestic credit union. All of the following apply to the  
24 annual operating fee:

25 (a) Subject to subdivision (d), the commissioner shall  
26 establish a fee amount that is sufficient to defray the estimated  
27 expenses of the credit union division of the office of financial

1 and insurance services in performing all credit union  
2 examinations and the supervision of domestic credit unions.

3 (b) The commissioner shall invoice each domestic credit union  
4 for the fee before July 1 of each year and each domestic credit  
5 union shall pay the operating fee before July 16 of that year.

6 (c) The commissioner shall compute the fee based on the total  
7 assets of the domestic credit union on December 31 of the  
8 previous year as shown on the report of the domestic credit union  
9 filed with the commissioner under subsection (1).

10 (d) The amount of the fee is the greater of \$500.00 or the  
11 sum of all of the following:

12 (i) A base fee established by the commissioner of not less  
13 than ~~\$1.75~~ **\$1.00** or more than \$3.50 per \$1,000.00 of assets up  
14 to \$500,000.00.

15 (ii) A fee of 40% of the base fee per \$1,000.00 of assets  
16 greater than \$500,000.00 up to \$1,000,000.00.

17 (iii) A fee of 30% of the base fee per \$1,000.00 of assets  
18 greater than \$1,000,000.00 up to \$5,000,000.00.

19 (iv) A fee of 20% of the base fee per \$1,000.00 of assets  
20 greater than \$5,000,000.00 up to \$10,000,000.00.

21 (v) A fee of 10% of the base fee per \$1,000.00 for all assets  
22 greater than \$10,000,000.00.

23 (e) The commissioner shall not require a domestic credit  
24 union to pay an operating fee more often than annually.

25 (3) A corporate credit union **organized under this act** shall  
26 pay an operating fee in the same manner as other domestic credit  
27 unions, but the fee shall not exceed \$50,000.00 annually.

1           (4) Each domestic credit union shall report its financial  
2 condition as required by the commissioner. A domestic credit  
3 union that fails to file a report with the commissioner when it  
4 is due shall pay a fee of \$100.00 for each day the report is  
5 delinquent. The commissioner may waive the fee for cause. If a  
6 delinquency continues for 15 days, the commissioner may revoke  
7 the domestic credit union's certificate of approval and take  
8 possession of the business and property of the domestic credit  
9 union and maintain possession until the commissioner permits it  
10 to continue business or involuntarily dissolves the credit union  
11 under section 331(3).

12           (5) A domestic credit union that amends its bylaws or  
13 certificate of organization shall file the amendment with the  
14 commissioner. The commissioner shall not charge a fee for  
15 reviewing and approving or disapproving of an amendment under  
16 section 303.

17           (6) A domestic credit union shall make all of its accounts,  
18 books, and records, in whatever form maintained, available for  
19 examination by the commissioner or the commissioner's appointed  
20 agent **during the normal business hours of the commissioner.** A  
21 domestic credit union shall do all of the following:

22           (a) Provide the commissioner with a current schedule of the  
23 hours during which the domestic credit union is open.

24           (b) Designate an individual to provide access to the credit  
25 union records and a substitute for that individual.

26           (c) Provide the commissioner with the current name, address,  
27 and telephone number of the individual designated in subdivision

1 (b), and of his or her substitute if the individual is absent.

2 (d) If the credit union processes any of its records at any  
3 location other than its principal place of business, provide the  
4 commissioner with the current name and address of the person that  
5 processes the records.

6 (7) As used in subsection (6), "records" includes audit  
7 reports and audit working papers described in section 344 unless  
8 privileged by law.

9 Sec. 203. (1) Any hearing or other proceeding pending  
10 before the office of financial and insurance services under  
11 former 1925 PA 285 before the effective date of this act is  
12 transferred to the office of financial and insurance services  
13 under this act, and the office of financial and insurance  
14 services shall conduct and determine the proceeding as follows:

15 (a) If the commissioner determines that this act establishes  
16 an identical or substantially similar proceeding for the conduct  
17 or act that was the basis of the proceeding under former 1925 PA  
18 285, the office of financial and insurance services shall conduct  
19 and determine the proceeding under this act.

20 (b) If the commissioner determines that this act does not  
21 establish an identical or substantially similar proceeding for  
22 the conduct or act that was the basis of the proceeding under  
23 former 1925 PA 285, the office of financial and insurance  
24 services shall conduct and determine the proceeding in the manner  
25 described in former 1925 PA 285.

26 (2) The office of financial and insurance services shall  
27 retain all of its property, credits, books, correspondence,



1 funds, appropriations, records, files, and other papers acquired  
2 or retained under former 1925 PA 285.

3 (3) An order or ~~rule~~ **declaratory ruling** issued by the  
4 commissioner under former 1925 PA 285 that is in effect on the  
5 effective date of this act shall continue in effect until  
6 modified, suspended, revoked, or repealed by the commissioner.

7 Sec. 212. (1) If in the opinion of the commissioner a  
8 director, ~~or~~ officer, **or employee** of a domestic credit union,  
9 **or any other person who participates in the conduct of the**  
10 **affairs of the domestic credit union**, has committed any violation  
11 of law or rule or of a cease and desist order or other order of  
12 the commissioner that has become final, or has engaged or  
13 participated in any unsafe or unsound practice in connection with  
14 the domestic credit union, or has committed or engaged in any  
15 act, omission, or practice that constitutes a breach of fiduciary  
16 duty ~~as a director or officer~~ **of that person**, and the  
17 commissioner determines that the domestic credit union has  
18 suffered or will probably suffer substantial financial loss or  
19 other damage or that the interests of its members and depositors  
20 could be seriously prejudiced by reason of the violation or  
21 practice or breach of fiduciary duty, the commissioner may serve  
22 upon the ~~director or officer~~ **person** a written notice of  
23 intention to remove ~~the~~ **that** person from office.

24 (2) If in the opinion of the commissioner a director,  
25 officer, or ~~other person is participating~~ **employee of a**  
26 **domestic credit union, or another person who participates** or has  
27 participated in the conduct of the affairs of ~~a~~ **the** domestic

1 credit union, ~~and that person~~ has engaged in conduct or  
2 practice with respect to the domestic credit union or another  
3 business organization that resulted in substantial financial loss  
4 or other damage, or is otherwise unfit to participate in the  
5 conduct of the affairs of the domestic credit union, the  
6 commissioner may serve upon that person a written notice of  
7 intention to remove the person from office or to prohibit the  
8 person's further participation in any manner in the conduct of  
9 the affairs of ~~the~~ **any** domestic credit union.

10 (3) If the commissioner considers it necessary for the  
11 protection of a domestic credit union or the interests of its  
12 shareholders or depositors that a person served with a notice of  
13 intention under subsection (1) or (2) is suspended from office or  
14 prohibited from further participation in any manner in the  
15 conduct of the affairs of the domestic credit union, the  
16 commissioner may serve upon that person a written notice  
17 suspending him or her from office or prohibiting him or her from  
18 further participation in any manner in the conduct of affairs of  
19 the domestic credit union. A suspension or prohibition is  
20 effective upon service of the notice and unless stayed by a court  
21 in a proceeding under section 213 remains in effect until the  
22 administrative proceedings against the person are completed and  
23 the commissioner dismisses the charges specified in the notice,  
24 or until the effective date of the order if an order of  
25 suspension or prohibition is issued. The commissioner shall also  
26 serve a copy of the notice on the domestic credit union.

27 (4) A notice of intention to remove a person from office or

1 to prohibit participation in the conduct of the affairs of a  
2 domestic credit union shall contain a statement of the facts  
3 constituting grounds for the removal, and fix a time and place  
4 for a hearing. Except as otherwise approved by the commissioner,  
5 the hearing shall be held not earlier than 30 days nor later than  
6 60 days after the date of service of the notice. The failure of  
7 a person to appear at the hearing in person or by a duly  
8 authorized representative is consent to the issuance of an order  
9 of removal or prohibition. If the person consents, or if after  
10 the hearing the commissioner finds that any grounds specified in  
11 the notice have been established, the commissioner may issue an  
12 order of suspension or removal from office, or prohibition from  
13 participation in the conduct of the affairs of the domestic  
14 credit union, as appropriate. An order based on the finding of  
15 the commissioner is effective on the thirty-first day after  
16 service on the domestic credit union and the person concerned.  
17 An order by consent is effective at the time specified in the  
18 order. An order is effective and enforceable unless it is  
19 stayed, modified, terminated, or set aside by the commissioner or  
20 a reviewing court.

21       Sec. 214. (1) If a person participating in the conduct of  
22 the affairs of a domestic credit union is charged in any  
23 information, indictment, warrant, or complaint by a county,  
24 state, or federal authority with the commission of, or  
25 participation in, a felony involving dishonesty or breach of  
26 trust, the commissioner may by written notice served on the  
27 person suspend the person from office or prohibit the person from

1 further participation in any manner in the conduct of the affairs  
2 of the domestic credit union. The commissioner shall also serve  
3 a copy of the suspension or prohibition on the domestic credit  
4 union. A suspension or prohibition is in effect until the  
5 information, indictment, warrant, or complaint is finally  
6 disposed of or until terminated by the commissioner.

7       (2) If a judgment of conviction with respect to ~~the~~ **an**  
8 offense **described in subsection (1)** is entered against ~~the~~ **a**  
9 person, ~~and when~~ **after** the judgment is not subject to further  
10 appellate review, the commissioner may issue an order removing  
11 the person from office or prohibiting the person from further  
12 participation in the conduct of the affairs of ~~the~~ **any** domestic  
13 credit union. ~~without the consent of the commissioner. The~~ **If**  
14 **an order described in this subsection is issued, the person must**  
15 **obtain the prior consent of the commissioner before participating**  
16 **in any manner in the conduct of the affairs of any domestic**  
17 **credit union.**

18       (3) A person ~~is~~ removed from office ~~as a director or~~  
19 ~~officer of the domestic credit union~~ **under subsection (2) is**  
20 **removed** when a copy of the order is served upon the domestic  
21 credit union.

22       (4) A finding of not guilty or other disposition of the  
23 charge does not preclude the commissioner from instituting  
24 proceedings to suspend or remove ~~the~~ **a** person from office or to  
25 prohibit further participation in **the affairs of a domestic**  
26 credit union ~~affairs~~ under section 212(1), (2), or (3).

27       Sec. 217. (1) A person who is the subject of an outstanding

1 and effective notice or final order for a violation of section  
2 212(1), (2), or (3), section 214, or for a violation of any other  
3 law of this state that contains a grant of enforcement powers to  
4 the commissioner or the office of financial and insurance  
5 services, shall not do any of the following:

6 (a) Participate in any manner in the conduct of the affairs  
7 of the domestic credit union involved other than voting as an  
8 individual member of the domestic credit union.

9 (b) Serve or act as ~~a director, officer,~~ **an official** or  
10 employee of any domestic credit union.

11 (2) A person who violates subsection (1) is guilty of a  
12 misdemeanor punishable by imprisonment for not more than 1 year  
13 or a fine of not more than \$5,000.00, or both.

14 (3) A person who willfully or intentionally violates any  
15 provision of this act for which specific punishment is not  
16 provided under this act is guilty of a misdemeanor and shall be  
17 imprisoned for not more than 6 months or shall be fined not less  
18 than \$500.00 or more than \$5,000.00, or both.

19 Sec. 234. (1) Except as provided in subsection (3), a  
20 transfer of or lien on the property or assets of a domestic  
21 credit union is voidable by a receiver appointed under this part  
22 if the transfer or lien is 1 or more of the following:

23 (a) Made or created within 1 year before the date the  
24 domestic credit union is ordered ~~in~~ **into** receivership if the  
25 receiving transferee or lien holder was at the time an  
26 ~~affiliate, officer, director,~~ **official** or employee of the  
27 domestic credit union or an affiliate of the domestic credit

1 union.

2 (b) Made or created on or within 90 days before the date the  
3 domestic credit union is ordered in receivership with the intent  
4 of giving to a creditor or depositor, or enabling a creditor or  
5 depositor to obtain, a greater percentage of the claimant's debt  
6 than is given or obtained by another claimant of the same class.

7 (c) Accepted after the domestic credit union is ordered in  
8 receivership by a creditor or depositor having reasonable cause  
9 to believe that a preference will occur.

10 (d) Voidable by the domestic credit union and the domestic  
11 credit union may recover the property transferred or its value  
12 from the person to whom it was transferred or from a person who  
13 has received it, unless the transferee or recipient was a bona  
14 fide holder for value before the date the domestic credit union  
15 was ordered in receivership.

16 (2) A person acting on behalf of the domestic credit union,  
17 who knowingly has participated in implementing a voidable  
18 transfer or lien, and each person receiving property or the  
19 benefit of property of the domestic credit union as a result of  
20 the voidable transfer or lien, is personally liable to the  
21 receiver for the property or benefit received.

22 (3) A receiver appointed under this part shall not void an  
23 otherwise voidable transfer under this section if any of the  
24 following apply:

25 (a) The transfer or lien does not exceed the value of  
26 \$1,000.00.

27 (b) The transfer or lien was received in good faith by a

1 person who gave value and who is not a person described in  
2 subsection (1)(a).

3 (c) The transfer of lien was intended by the domestic credit  
4 union and the transferee or lien holder as, and in fact  
5 substantially was, a contemporaneous exchange for new value given  
6 to the domestic credit union.

7 (4) As used in this section, "preference" means a transfer or  
8 grant of an interest in the property or assets of the domestic  
9 credit union that is either of the following:

10 (a) Made or incurred with the intent to hinder, delay, or  
11 defraud an entity to which, on or after the date that the  
12 transfer or grant of interest was made, the domestic credit union  
13 was or became indebted.

14 (b) Made or incurred for less than a reasonably equivalent  
15 value in exchange for the transfer or grant of interest if the  
16 domestic credit union was insolvent on the date that the transfer  
17 or grant of interest was made or became insolvent as a result of  
18 the transfer or grant of interest.

19 Sec. 301. (1) Seven individuals, a majority of whom are  
20 residents of this state and all of whom are within the proposed  
21 field of membership of the domestic credit union, may file an  
22 application to organize a domestic credit union under this act.  
23 This subsection does not apply to the organization of a corporate  
24 credit union **under this act**.

25 (2) A domestic credit union is organized in the following  
26 manner:

27 (a) The applicants shall file an application in the form

1 prescribed by the commissioner. The application shall contain  
2 all of the following information:

3 (i) The name and all proposed ~~trade~~ **assumed** names of the  
4 domestic credit union.

5 (ii) The location of the principal place of business and any  
6 initial branches of the domestic credit union.

7 (iii) The names and addresses of the applicants and the  
8 number of shares subscribed by each.

9 (iv) The par value of the shares of the domestic credit  
10 union. The par value of a share shall not exceed \$100.00.

11 (v) The proposed field of membership.

12 (vi) Any other information required by the commissioner.

13 (b) The applicants shall deliver the application to the  
14 commissioner, with an application fee in an amount established by  
15 the commissioner.

16 (c) Within 60 days after receipt of an application or the  
17 last amendment or supplement to the application, the commissioner  
18 shall do all of the following:

19 (i) Examine the information contained in the application and  
20 conduct any investigation the commissioner considers necessary  
21 pertaining to the organization of the new domestic credit union.

22 (ii) Determine whether the organization of the proposed  
23 domestic credit union will benefit its members.

24 (iii) Determine whether a federal agency authorized to insure  
25 share and deposit accounts has issued a firm commitment to  
26 provide that insurance for the domestic credit union.

27 (iv) Determine whether organization of the domestic credit



1 union is consistent with the purposes of this act.

2 (v) Approve or disapprove the proposed field of membership  
3 only on the basis of safety and soundness.

4 (d) The commissioner approves or disapproves of the  
5 organization of the domestic credit union.

6 (e) If the commissioner approves, he or she issues a  
7 certificate of approval.

8 (3) The decision to approve or disapprove of the organization  
9 of a domestic credit union under subsection (2) is discretionary  
10 with the commissioner. The commissioner shall notify the  
11 applicants of his or her decision. If the commissioner approves,  
12 he or she shall issue a certificate of organization and approved  
13 bylaws of the domestic credit union. If all of the organizers  
14 sign the certificate of organization and adopt the bylaws and  
15 return the certificate of organization and bylaws to the  
16 commissioner, the commissioner shall issue the certificate of  
17 approval authorizing the commencement of business. If the  
18 commissioner disapproves, he or she shall state the reasons for  
19 the decision and the applicant may request a hearing to  
20 reconsider the decision before the commissioner within 30 days  
21 after the mailing of a copy of the decision to the applicants.  
22 Within 10 days after receipt of a request for a hearing to  
23 reconsider, the commissioner shall set a date for the hearing  
24 that is within 60 days after the date the request was received.  
25 If the commissioner does not approve the organization of the  
26 domestic credit union after the hearing to reconsider, the  
27 applicants may file an appeal of the commissioner's decision in

1 the circuit court for the county stated in the application as the  
2 location of the principal office of the domestic credit union or  
3 in the circuit court for Ingham county within 30 days after the  
4 date of mailing by certified mail of a copy of the decision to  
5 the applicants. If the applicants appeal to the circuit court,  
6 the commissioner shall retain the exhibits introduced at the  
7 hearing and shall forward them to the circuit court. The  
8 applicants shall pay the cost of preparation of the  
9 stenographer's record of the hearing to reconsider.

10 (4) If a certificate of approval authorizing a domestic  
11 credit union to commence business is issued under subsection (2),  
12 the domestic credit union is organized for purposes of this act.

13 (5) The commissioner shall retain the original certificate of  
14 organization and the original bylaws. The commissioner shall  
15 deliver the certificate of approval and a copy of the approved  
16 bylaws to the domestic credit union.

17 (6) The commissioner shall prescribe the form of the  
18 certificate of organization and the bylaws and shall furnish them  
19 upon request to a domestic credit union or a person who is  
20 considering organization of a domestic credit union.

21 Sec. 302. Two or more credit unions may file an application  
22 to organize a corporate credit union ~~in this state whose field~~  
23 ~~of membership is composed primarily of credit unions~~ **under this**  
24 **act.**

25 Sec. 304. (1) A domestic credit union may change the  
26 location of its principal place of business within this state if  
27 it provides the commissioner with written notice at least 30 days

1 before the change of location.

2 (2) A domestic credit union shall file the address of the  
3 principal place of business and the ~~name of the treasurer and~~  
4 ~~general manager~~ **names and titles of the officials and senior**  
5 **management employees** of the **domestic** credit union with the  
6 commissioner on a form prescribed by the commissioner. If the  
7 ~~address of the principal place of business or the name of the~~  
8 ~~treasurer or general manager~~ **name or title of an official or**  
9 **senior management employee of a domestic credit union** changes,  
10 the credit union shall provide the ~~commission~~ **commissioner** with  
11 written notice of the change within 3 business days after the  
12 change.

13 (3) A domestic credit union may establish and maintain  
14 branches. The credit union shall provide written notice to the  
15 commissioner of the location of a branch before establishing the  
16 branch.

17 (4) A domestic credit union and 1 or more domestic or foreign  
18 credit unions or other financial organizations may establish and  
19 maintain service centers. One or more of the financial  
20 organizations that establish a service center may operate the  
21 service center, or the financial organizations organizing the  
22 service center may contract with another person to operate the  
23 service center. A domestic credit union may refer to a service  
24 center as a branch.

25 (5) Subject to all of the following, a domestic credit union  
26 may adopt or change 1 or more ~~trade~~ **assumed** names:

27 (a) The domestic credit union shall give written notice of

1 ~~the~~ a proposed ~~trade~~ **assumed** name to the commissioner at  
2 least 30 days before using the ~~trade~~ **assumed** name.

3 (b) The commissioner may deny a domestic credit union the  
4 right to use ~~a given trade~~ **an assumed** name or terminate a  
5 credit union's right to use ~~a trade~~ **an assumed** name **if the**  
6 **commissioner determines that the assumed name is confusing or**  
7 **misleading or** for any **other** reason.

8 (c) A domestic credit union using ~~a trade~~ **an assumed** name  
9 shall clearly and conspicuously disclose the ~~legal~~ name of the  
10 credit union and the ~~trade~~ **assumed** name in all signs,  
11 advertising, mailings, and similar materials and shall clearly  
12 and conspicuously disclose the ~~trade~~ **assumed** name and the  
13 ~~legal~~ name of the credit union in all legal documents,  
14 certificates of deposit, signature cards, loan agreements,  
15 account statements, checks, drafts, and other similar documents.

16 (d) ~~A trade~~ **An assumed** name may not contain the phrase  
17 "credit union".

18 Sec. 307. (1) If a domestic credit union files a suspicious  
19 activity report with an agency of the federal government, the  
20 credit union shall also within 24 hours file a copy of the  
21 suspicious activity report with the department of state police.

22 (2) A domestic credit union may file the suspicious activity  
23 report with the department of state police under subsection (1)  
24 in any manner allowed by federal law or regulation or in any  
25 other manner acceptable to the department of state police.

26 (3) Except for a violation of ~~section 5318(g) of title 31~~  
27 ~~of the United States Code, 31 U.S.C. 5318~~ **31 USC 5318(g)**, a

1 domestic credit union or ~~a director, officer~~ **an official**,  
2 employee, or agent of the domestic credit union is not liable in  
3 any civil or governmental action for filing a copy of a  
4 suspicious activity report under this section or failing to  
5 notify an account holder or any other person of the filing.

6 Sec. 331. (1) A domestic credit union may voluntarily  
7 dissolve under subsection (2) or be involuntarily dissolved under  
8 subsection (3).

9 (2) A domestic credit union may voluntarily dissolve if all  
10 of the following are met:

11 (a) At least 30 days before the vote described in subdivision  
12 (b), the credit union board mails a notice to each member of the  
13 domestic credit union that it is considering dissolution. The  
14 credit union board shall not include the notice with any other  
15 mailing sent to the member. The notice shall include all of the  
16 following:

17 (i) A brief explanation of why the board is considering  
18 dissolution.

19 (ii) A brief summary of the major positive and negative  
20 effects of the proposed dissolution.

21 (iii) A request for written comments on the proposed  
22 dissolution.

23 (b) By an affirmative vote of 2/3 of all of the directors  
24 entitled to vote, the credit union board approves of a plan of  
25 dissolution and submits the plan and any member comments to the  
26 commissioner for preliminary review.

27 (c) Before the vote of the members under subdivision (g), the

1 commissioner reviews the dissolution plan and any member comments  
2 on the dissolution plan and grants preliminary approval. The  
3 commissioner shall grant preliminary approval of the dissolution  
4 plan only if the commissioner is satisfied of all of the  
5 following:

6 (i) The dissolution plan adequately discloses to the members  
7 information concerning the advantages and disadvantages of the  
8 proposed dissolution.

9 (ii) The dissolution does not circumvent a pending  
10 supervisory action that is initiated by the commissioner or  
11 another regulatory agency because of a concern over the safety  
12 and soundness of the domestic credit union.

13 (iii) The dissolution plan does not provide any official **or**  
14 **employee** of the domestic credit union with any remuneration or  
15 other economic benefit in connection with the dissolution of the  
16 domestic credit union.

17 (d) If the commissioner grants preliminary approval under  
18 subdivision (c), the credit union board shall call a special  
19 meeting of the members to vote on the dissolution plan and mail  
20 to each member notice of the meeting and proposed dissolution 90  
21 days and 60 days before the date of the special meeting. Each  
22 notice shall include all of the following:

23 (i) A summary of the positive and negative effects of the  
24 proposed dissolution.

25 (ii) A statement that the ~~directors~~ **officials and employees**  
26 will not receive any remuneration or other economic benefit in  
27 connection with the dissolution of the domestic credit union.

1           (iii) A statement that any interested person may obtain more  
2 detailed information about the dissolution from the domestic  
3 credit union at its principal place of business or by any method  
4 approved in advance by the commissioner.

5           (iv) A statement that the credit union board may  
6 substantively amend the proposed plan of dissolution before the  
7 special meeting based on comments from regulatory authorities or  
8 any other reason and that the credit union board may terminate  
9 the proposed plan of dissolution.

10          (v) Instructions for obtaining a copy of the dissolution  
11 plan.

12          (vi) The date of the special meeting and a statement that the  
13 vote on the dissolution will close on that date.

14          (vii) Any other information required by the commissioner.

15          (e) Thirty days before the special meeting of the members,  
16 the credit union board mails a notice of the meeting and proposed  
17 dissolution. The notice shall include all of the information  
18 described in subdivision (d) for the 90-day and 60-day notices  
19 and shall include the date, time, and place of the special member  
20 meeting, a ballot and postage-paid return envelope, and a summary  
21 of the methods permitted for casting votes.

22          (f) If the plan of dissolution is substantively amended by  
23 the credit union board, at least 30 days before the vote of the  
24 members on the plan the credit union board shall mail a notice to  
25 each member. The notice shall contain the information concerning  
26 the amended plan of dissolution that is described in subdivision  
27 (d) for a notice under that subdivision.

1 (g) At a special meeting of members, the members **approve of**  
2 **the dissolution and the plan of dissolution** by a 2/3 vote of  
3 members voting. ~~to approve of the dissolution and the plan of~~  
4 ~~dissolution.~~ A member may vote in person or by mail. With the  
5 prior approval of the commissioner, a domestic credit union may  
6 accept member votes by an alternative method that is reasonably  
7 calculated to ensure each member has an opportunity to vote.

8 (h) The domestic credit union files with the commissioner all  
9 of the following:

10 (i) Certified copies of records of all proceedings held by  
11 the credit union board and members of the domestic credit union.

12 (ii) Copies of member comments submitted to the domestic  
13 credit union under subdivision (a)(iii).

14 (iii) If that consent or approval is required, a certified  
15 copy of the consent or approval of a federal regulatory  
16 authority.

17 (i) If subdivisions (a) through (h) are met and the  
18 commissioner determines that the notices to members were  
19 accurate, timely, and not misleading and that conduct of the vote  
20 on the dissolution plan was fair and lawful, the commissioner  
21 shall approve the dissolution and the credit union board may  
22 implement the dissolution plan.

23 (3) If the commissioner determines that a domestic credit  
24 union is insolvent or revokes the domestic credit union's  
25 certificate of organization under section 201(4), the  
26 commissioner may involuntarily dissolve the domestic credit union  
27 and either appoint a receiver under part 2 of article 2 or



1 appoint a conservator under part 3 of article 2.

2       Sec. 341. (1) The organizers shall hold an organizational  
3 meeting of a domestic credit union organized under this act. The  
4 organizational meeting of the domestic credit union is the first  
5 annual meeting of the members required under section 351.

6       (2) Each member of the credit union board of a domestic  
7 credit union shall be a member of the domestic credit union. The  
8 bylaws shall establish the number of directors, but a credit  
9 union board must consist of 5 or more individuals. A director  
10 shall hold office for the term established in the bylaws and  
11 until a successor takes office.

12       (3) If the bylaws of a domestic credit union provide for a  
13 credit committee or a supervisory committee, that committee shall  
14 consist of 3 or more individuals and may have alternate committee  
15 members, as established in the bylaws, each of whom is a member  
16 of the domestic credit union. The bylaws shall provide whether  
17 the credit union board may appoint or the members may elect  
18 committee members and their terms of office and the duties of the  
19 committee. Except as provided in section 345, a current  
20 director, officer, loan officer, credit committee member, or  
21 other employee of the domestic credit union shall not serve on  
22 the supervisory committee.

23       (4) If the bylaws of a domestic credit union do not provide  
24 for a credit committee or a supervisory committee, the credit  
25 union board shall perform the duties of the credit committee or  
26 the supervisory committee or delegate those duties as it  
27 considers advisable.

1           (5) A corporate credit union **organized under this act** shall  
2 have at least 1 member of the credit union board, the supervisory  
3 committee, if any, and the credit committee, if any, who is a  
4 resident of this state.

5           (6) A domestic credit union shall provide the commissioner  
6 with a record of the names and addresses of the members of the  
7 credit union board and the members of the credit and supervisory  
8 committees, if any, within 30 days after their election.

9           (7) If the commissioner considers it appropriate, the  
10 commissioner may call a meeting of the credit union board, for  
11 any purpose, by giving a notice of the time, place, and purpose  
12 of the meeting at least 3 days prior to the meeting to the  
13 directors. The commissioner shall deliver the notice to their  
14 last known addresses as shown by the books of the domestic credit  
15 union.

16           (8) Each individual elected or appointed to serve as a  
17 director, ~~credit~~ **supervisory** committee member, or ~~supervisory~~  
18 **credit** committee member of a domestic credit union, **or as a**  
19 **member of any other committee that performs significant ongoing**  
20 **functions relating to the ongoing operations of the domestic**  
21 **credit union**, shall meet all of the following criteria:

22           (a) He or she is a member of the domestic credit union, in  
23 good standing according to reasonable criteria established by the  
24 credit union board.

25           (b) He or she is acceptable as a bonding risk by a bonding  
26 company licensed to do business in this state.

27           (c) He or she has not been removed as a director, officer,

1 **committee member**, or employee of a financial institution by a  
2 federal regulator, a state regulator other than the commissioner,  
3 or a court of competent jurisdiction.

4 (d) The commissioner has not removed him or her as a  
5 director, officer, **committee member**, or employee of a credit  
6 union, financial institution, or other legal entity pursuant to  
7 the commissioner's enforcement powers under any law of this  
8 state.

9 (e) He or she has not been convicted within the preceding 20  
10 years of a crime involving dishonesty or breach of trust.

11 (f) He or she is not habitually negligent in paying his or  
12 her financial obligations as determined by criteria reasonably  
13 established by the credit union board.

14 (g) He or she has not been convicted by a court of competent  
15 jurisdiction of a violation, or found in violation by a court of  
16 competent jurisdiction or the commissioner, of any law of this  
17 state enforced or administered by the commissioner.

18 (9) If an individual no longer meets ~~any~~ **1 or more** of the  
19 requirements of subsection (8) while serving as a director,  
20 ~~credit~~ **supervisory** committee member, or ~~supervisory~~ **credit**  
21 committee member of a domestic credit union, **or as a member of**  
22 **any other committee that performs significant ongoing functions**  
23 **relating to the ongoing operations of the domestic credit union,**  
24 he or she is immediately removed from that office without further  
25 action of the members or credit union board and the domestic  
26 credit union shall appoint or elect a replacement to fill the  
27 vacancy in the manner described in the bylaws.

1           Sec. 342. (1) At its first meeting, the credit union board  
2 shall elect from the credit union board members a chairperson,  
3 vice-chairperson, treasurer, and secretary. An individual may  
4 serve as both treasurer and secretary. A credit union may refer  
5 to these officers by different titles. The credit union shall  
6 establish the duties of all of the officers of the credit union  
7 in its bylaws.

8           (2) A credit union board has general management of the  
9 affairs of the domestic credit union. The credit union board has  
10 the authority and responsibility for the general direction of the  
11 business affairs, funds, and records of the domestic credit union  
12 and is responsible for maintaining its safety and soundness. The  
13 duties of the credit union board include, but are not limited to,  
14 the duties described in subsection (3) or (4).

15           (3) The credit union board shall perform all of the following  
16 duties, which the credit union board may not delegate to another  
17 person or committee:

18           (a) Except as provided in section 345(3), filling a vacancy  
19 on the board until a successor is elected by the members.

20           (b) Establishing the maximum individual shareholdings of  
21 members.

22           (c) Establishing the maximum amount of secured and unsecured  
23 loans made by the domestic credit union, subject to **section**  
24 **423(12) and** any limitations under the bylaws of the domestic  
25 credit union adopted and approved by the commissioner.

26           (d) Employing a general manager and fixing his or her  
27 compensation.

- 1 (e) Approving an annual operating budget.
- 2 (f) Acquiring, selling, or encumbering real property.
- 3 (g) Appointing special committees as the board deems  
4 necessary.
- 5 (h) Borrowing money under section 401(2)(j).
- 6 (i) Fixing the amount of the surety bonds for all officers  
7 and employees handling money.
- 8 (j) Determining the par value of shares under section 301.
- 9 (k) Recommending changes in the bylaws to the members.
- 10 (l) Specifying forms and procedures for applications for  
11 membership and set criteria for use in determining whether to  
12 accept an applicant into membership.
- 13 (m) Adopting investment policies.
- 14 (n) Adopting other policies necessary for the operation of  
15 the domestic credit union.
- 16 (o) Establishing the titles of the officers holding the  
17 positions described in this section. The credit union board  
18 shall not establish any misleading titles for officers.
- 19 (p) Meeting at least once every 62 days and at least 9 times  
20 each calendar year, in person or by means of electronic  
21 communication devices that enable all participants in a meeting  
22 to communicate simultaneously with each other.
- 23 (q) Performing any other duties required by the members.
- 24 (4) A credit union board shall perform, or delegate to the  
25 general manager of the domestic credit union according to  
26 guidelines established by the credit union board that may include  
27 the authority to further delegate 1 or more duties, all of the

1 following duties:

2 (a) Approving, disapproving, or otherwise acting on  
3 applications for membership.

4 (b) Determining the interest rates on loans and on deposits.

5 (c) Hiring employees other than the general manager and  
6 fixing their compensation.

7 (d) Making and selling investments according to investment  
8 policies adopted by the board.

9 (e) Designating 1 or more depositories for funds.

10 (f) Establishing procedures to implement policies of the  
11 credit union board.

12 (g) Establishing internal controls as necessary.

13 (h) Determining the amount of a dividend after providing for  
14 any required reserves and declaring the dividend.

15 (5) A credit union board may do any of the following:

16 (a) By resolution, designate a general manager and define his  
17 or her duties.

18 (b) Appoint an executive committee that consists of not fewer  
19 than 3 directors. An executive committee may act on any matter  
20 specifically authorized by the board.

21 (c) Remove a director by a 2/3 vote of the credit union  
22 board, for cause or for any reason set forth in the bylaws. In  
23 addition to removal under section 341(9), the domestic credit  
24 union's bylaws may also provide for immediate removal of a  
25 director from that office without further action of the members  
26 or credit union board if 1 or more events specified in the bylaws  
27 occur.

1 (d) If the domestic credit union does not have a supervisory  
2 committee, remove a credit committee member by a 2/3 vote of the  
3 credit union board.

4 (e) If there is no supervisory committee, suspend a member of  
5 the credit union board by a 2/3 vote of the credit union board.  
6 If a member of the credit union board is suspended under this  
7 subdivision or section 345(2), the remaining directors shall  
8 report the suspension and the cause for the suspension to the  
9 commissioner within 3 days and shall call a special members'  
10 meeting that shall take place not less than 7 or more than 45  
11 days after the suspension. At the special members' meeting, the  
12 remaining directors shall report the cause for the suspension,  
13 the suspended director has the right to be heard, and the members  
14 shall decide whether to sustain or reverse the action of the  
15 supervisory committee or the credit union board. If the members  
16 sustain the action, they shall replace the suspended board member  
17 at the special members' meeting. If a supervisory committee  
18 suspends a majority of the credit union board under section  
19 345(2), the remaining board members have general management of  
20 the affairs of the domestic credit union until the suspended  
21 board members are reinstated or replaced at the special members'  
22 meeting.

23 (f) Suspend or remove a member of the supervisory committee  
24 for failure to perform his or her duties in accordance with this  
25 act, the certificate of organization, or the bylaws by a 2/3 vote  
26 of the credit union board.

27 (g) By a majority vote, suspend or remove any officer from

1 his or her duties as an officer.

2       (6) ~~A member of the credit union board or of the credit or~~  
3 **An individual elected or appointed to serve as a director,**  
4 **supervisory committee** ~~, if any member, or credit committee~~  
5 **member of a domestic credit union, or as a member of any other**  
6 **committee that performs significant ongoing functions relating to**  
7 **the ongoing operations of the domestic credit union,** shall not  
8 receive compensation for his or her service as a board or  
9 committee member.

10       (7) If a loan made to or cosigned, endorsed, or guaranteed by  
11 a director or a member of the supervisory, credit, or other  
12 committee is more than 2 months delinquent, the individual is  
13 automatically removed from his or her position as director or  
14 committee member and he or she is ineligible to serve as a  
15 director or committee member for 2 years. The commissioner may  
16 waive the application of this provision in a given situation if  
17 the commissioner determines that it is in the best interests of  
18 the domestic credit union to do so.

19       (8) A majority of the credit union board constitutes a quorum  
20 for the transaction of business.

21       (9) Unless specifically prohibited by the bylaws, if this act  
22 requires or allows a credit union board to take an action at a  
23 meeting, the board may take that action without a meeting if a  
24 consent in writing setting forth the action taken is signed by  
25 all of the directors entitled to vote on that matter. A written  
26 consent under this subsection shall contain 1 or more written  
27 approvals, each of which sets forth the action taken and bears



1 the signature of 1 or more directors. The directors shall  
2 deliver their signed approvals to the secretary, and he or she  
3 shall file them in the corporate records of the domestic credit  
4 union. An action taken by written consent under this subsection  
5 is effective when all the directors have approved the consent  
6 unless the consent specifies a different effective date. A  
7 consent signed by all the directors has the same effect as a  
8 unanimous vote, and the domestic credit union may represent that  
9 the action was approved by a unanimous vote in any document filed  
10 with the commissioner under this act.

11 (10) A director when elected or appointed shall take and  
12 subscribe an oath that he or she will diligently and honestly  
13 perform the duties of the office and will not knowingly violate,  
14 or permit to be violated, any provisions of this act. The  
15 secretary shall file the oaths in the corporate records of the  
16 domestic credit union.

17 Sec. 345. (1) A domestic credit union may have a  
18 supervisory committee. If authorized by the bylaws, 1 director  
19 who is not an officer of the domestic credit union may serve as a  
20 member of the supervisory committee. Otherwise, a director may  
21 not serve as a member of the supervisory committee.

22 (2) If a domestic credit union has a supervisory committee,  
23 the supervisory committee may do any of the following:

24 (a) By majority vote, call a special meeting of the members  
25 to consider any matter submitted to the special meeting of the  
26 members by the committee.

27 (b) By a unanimous vote, suspend any member of the credit

1 committee and report the suspension and the reason for the  
2 suspension to the credit union board. At its next meeting, the  
3 credit union board shall vote on whether to remove or reinstate  
4 the suspended credit committee member. A 2/3 vote of the credit  
5 union board is required to remove the suspended credit committee  
6 member.

7 (c) By a unanimous vote, suspend a member of the credit union  
8 board for cause.

9 (d) Access any credit union records.

10 (3) If a domestic credit union has a supervisory committee  
11 and the members elect the committee, the committee shall fill  
12 vacancies on the committee until the next **annual** meeting of the  
13 members. If a domestic credit union has a supervisory committee  
14 and the credit union board appoints the committee, the credit  
15 union board shall fill vacancies on the supervisory committee.

16 Sec. 352. (1) The membership of a domestic credit union is  
17 comprised of each person that organized the domestic credit  
18 union, and each person that meets all of the following:

19 (a) The person belongs to a group of persons that is within  
20 the domestic credit union's field of membership.

21 (b) The person is accepted by the domestic credit union as a  
22 member.

23 (c) The person pays any entrance or membership fee required  
24 by the domestic credit union.

25 (d) The person pays for 1 or more shares, including a  
26 membership share if the domestic credit union requires ownership  
27 of a membership share.

1 (e) The person complies with any other requirement for  
2 membership contained in the domestic credit union's bylaws.

3 (2) The credit union board of a domestic credit union shall  
4 establish the field of membership for a domestic credit union.  
5 The field of membership shall consist of 1 or more of the  
6 following:

7 (a) One or more groups of any size that have a common bond of  
8 occupation, association, or religious affiliation.

9 (b) One or more groups composed of persons whose common bond  
10 is residence, employment, or place of religious worship within a  
11 geographic area composed of 1 or more school districts, counties,  
12 cities, villages, or townships.

13 (c) One or more groups whose common bond is common interests,  
14 activities, or objectives.

15 (3) One or more credit unions may serve 1 or more groups  
16 described in subsection (2).

17 (4) A credit union board that establishes or revises the  
18 field of membership of the domestic credit union shall submit the  
19 proposed or revised field of membership to the commissioner for  
20 approval on an application form provided by the commissioner.  
21 The commissioner shall promptly notify an applicant when he or  
22 she determines that an application is complete and the date of  
23 that determination. If the application seeks to revise a field  
24 of membership to include 1 or more groups described in subsection  
25 (2)(b), the commissioner may require that the applicant provide  
26 additional information regarding the common bond of persons  
27 within the proposed geographical area or areas. The commissioner

1 ~~by rule, order, or declaratory ruling~~ shall establish standards  
2 for obtaining this additional information.

3 (5) The commissioner has 60 days after the date of  
4 determination described in subsection (4) to approve or  
5 disapprove of an application under subsection (4). In reviewing  
6 an application under subsection (4), the commissioner must first  
7 determine whether the proposed field of membership meets the  
8 common bond requirements of subsection (2). If the commissioner  
9 determines that the proposed field of membership does meet the  
10 common bond requirements of subsection (2), then the commissioner  
11 may only disapprove of the application on the basis of safety and  
12 soundness of the domestic credit union. If the commissioner does  
13 not approve or disapprove of the application, or extend the  
14 60-day period under subsection (6), within that 60-day period,  
15 the application is considered approved as of the day after the  
16 60-day period.

17 (6) The commissioner may extend the 60-day period described  
18 in subsection (5) for 1 or more additional 60-day periods for  
19 administrative reasons or to allow for public comment if the  
20 commissioner delivers notice of each 60-day extension in writing  
21 to the domestic credit union before the 60-day period and any  
22 prior 60-day extensions expire. An extension notice shall  
23 explain the reason for the extension. If the commissioner does  
24 not approve or disapprove of the application, or grant an  
25 additional 60-day extension, within a 60-day extension period,  
26 the application is considered approved as of the day after the  
27 60-day extension period. The commissioner may grant any number

1 of 60-day extensions, but the domestic credit union may treat any  
2 extension after the third 60-day extension as a disapproval of  
3 the application and may pursue any administrative or legal  
4 remedies available for a disapproval.

5 (7) If authorized in the bylaws of the domestic credit union,  
6 a member that is no longer in the field of membership of the  
7 domestic credit union because the field of membership is revised  
8 under this section, or the member leaves the field of membership,  
9 may continue as a member, on the same basis as any other member,  
10 or on a different basis if the bylaws establish a different basis  
11 for that continued membership.

12 (8) A domestic credit union shall respond to an application  
13 for membership within 30 calendar days after receiving it. If  
14 the domestic credit union determines that there is a sound  
15 business reason for the action, a domestic credit union may deny  
16 membership to any applicant for membership.

17 Sec. 357. (1) A credit union board may terminate the  
18 membership of, or terminate some or all services to, a member who  
19 does any of the following:

20 (a) Causes a loss to the domestic credit union.

21 (b) Commits fraud **or another misdeed** against the domestic  
22 credit union or ~~violates any law~~ **against a person** on the  
23 premises of the domestic credit union.

24 (2) Pending action by the credit union board at its next  
25 regularly scheduled meeting, a domestic credit union may  
26 immediately suspend any credit union services to a member who  
27 does any of the following:

1 (a) Causes a loss to the domestic credit union.

2 (b) Commits fraud or another misdeed against the domestic  
3 credit union or against a person on the premises of the domestic  
4 credit union.

5 (3) A member may withdraw from a domestic credit union at any  
6 time, but the domestic credit union may require a notice of  
7 withdrawal from the withdrawing member as a condition of  
8 withdrawal.

9 (4) When money becomes available, and after deducting all  
10 amounts owed to the domestic credit union by the member, a  
11 domestic credit union shall pay a person whose membership is  
12 terminated or who is a withdrawing member any amounts paid on  
13 shares or as deposits of the member and any dividends or interest  
14 accrued on the shares or deposits before the date of payment.

15 (5) Unless the withdrawal of a member occurs on a maturity  
16 date or within 7 days after a maturity date, a domestic credit  
17 union may require that a withdrawing member give a 60-day notice  
18 of intention to withdraw shares or a 30-day notice of intention  
19 to withdraw deposits. A domestic credit union that requires a  
20 notice of intention to withdraw may wait until the expiration of  
21 the applicable notice period before complying with subsection  
22 (4). A domestic credit union may waive an applicable notice  
23 period for a specific member or account in writing.

24 (6) After a termination or withdrawal under this section, the  
25 former member has no rights in the domestic credit union, but the  
26 termination or withdrawal does not release the former member from  
27 any remaining liability to the domestic credit union.

1           Sec. 371. (1) Two or more domestic credit unions may merge  
2 into 1 of the credit unions, or into a newly formed domestic  
3 credit union, if all of the following are met:

4           (a) The credit union board of each constituent credit union  
5 by majority vote adopts a plan of merger that includes all of the  
6 following:

7           (i) The name of each constituent credit union and the name of  
8 the surviving credit union.

9           (ii) The terms and conditions of the proposed merger,  
10 including the manner and basis of converting the member shares in  
11 each constituent credit union into member shares in the surviving  
12 credit union, or into cash or other property, or into a  
13 combination of shares, cash, or other property.

14           (iii) A statement of any amendment to the certificate of  
15 organization of the surviving credit union affected by the merger  
16 or a statement that no changes are to be made in the certificate  
17 of organization of the surviving credit union.

18           (iv) Any other provisions concerning the proposed merger that  
19 the constituent credit unions consider necessary or desirable.

20           (b) If the credit union board of each constituent credit  
21 union adopts the plan of merger, the constituent credit unions  
22 submit the plan of merger to the commissioner. Each constituent  
23 credit union shall submit the time and place of the meeting of  
24 the credit union board at which it approved the plan, the vote of  
25 the directors on approving the plan, and a copy of the resolution  
26 of the credit union board approving the plan to the commissioner  
27 with the plan of merger.

1           (c) Subject to subsection (6), the members of each  
2 constituent credit union except the surviving credit union  
3 approve the plan of merger, at a special membership meeting  
4 called for that purpose or by mail ballot. If the vote is held  
5 at a special membership meeting, the credit union board shall  
6 provide each member with written notice of the meeting that  
7 states the purpose of the meeting, at least 10 days and not more  
8 than 30 days before the meeting. The plan of merger is approved  
9 if a majority of the members of the constituent credit union who  
10 vote on the merger vote in favor of the merger.

11           (d) If the membership of a constituent credit union approves  
12 of a plan of merger under subdivision (c), the credit union shall  
13 notify the commissioner that the plan of merger is approved, the  
14 vote by which the members approved the plan, and a copy of the  
15 meeting notice if the plan was approved at a special membership  
16 meeting or the ballot and mailing date and closing date if the  
17 plan was approved by mail ballot of the members.

18           (e) The commissioner grants final approval of the plan of  
19 merger. The commissioner shall grant final approval of the plan  
20 if all of the requirements of subdivisions (a) to (d) are met.

21           (2) One or more domestic credit unions may merge with 1 or  
22 more foreign credit unions if both of the following are  
23 satisfied:

24           (a) The merger is permitted by the law of the jurisdiction  
25 under whose law each foreign constituent credit union is  
26 organized and each foreign constituent credit union complies with  
27 that law in effecting the merger.



1 (b) Each domestic constituent credit union complies with  
2 subsection (1).

3 (3) If a plan of merger under subsection (1) or (2) is  
4 approved, each constituent credit union shall execute and file a  
5 certificate of merger with the commissioner that contains all of  
6 the following:

7 (a) The statements required in subsection (1)(a)(i) and  
8 (iii).

9 (b) A statement that the plan of merger has been approved by  
10 the members of the constituent credit unions required to vote  
11 under subsection (1)(c).

12 (c) A statement of any ~~trade~~ **assumed** names the surviving  
13 credit union will use in this state if the commissioner  
14 approves. The statement shall specify each new ~~trade~~ **assumed**  
15 name of the surviving credit union, each current ~~trade~~ **assumed**  
16 name the surviving entity retains, and each ~~trade~~ **assumed** name  
17 transferred to the surviving entity from another constituent  
18 credit union.

19 (d) The effective date of the merger, if later than the date  
20 the certificate of merger is filed. The commissioner shall not  
21 accept a certificate of merger and the merger is not effective if  
22 an effective date is specified that is more than 90 days after  
23 the date of filing.

24 (4) When a merger takes effect, all of the following apply:

25 (a) Every other constituent credit union merges into the  
26 surviving credit union and the separate existence of every  
27 constituent credit union except the surviving credit union

1 ceases.

2 (b) All property, debts, causes of action, and other  
3 interests of, belonging to, or due to each constituent credit  
4 union are vested in the surviving credit union without further  
5 act or deed and without reversion or impairment.

6 (c) The surviving credit union has all of the liabilities of  
7 each constituent credit union.

8 (d) A proceeding pending against any constituent credit union  
9 may be continued as if the merger had not occurred or the  
10 surviving credit union may be substituted in the proceeding for  
11 the constituent credit union if the existence of the constituent  
12 credit union ceased.

13 (e) The certificate of organization of the surviving credit  
14 union is amended to the extent provided in the certificate of  
15 merger.

16 (f) The membership shares in each constituent credit union  
17 are converted into membership shares in the surviving credit  
18 union, cash, or other property as provided in the plan of  
19 merger. If a person is a member of more than 1 of the  
20 constituent credit unions, the person is entitled to only 1  
21 membership in the surviving credit union.

22 (g) The surviving credit union is liable for, and is subject  
23 to service of process in a proceeding in this state for the  
24 enforcement of, any obligation of a domestic constituent credit  
25 union.

26 (5) If the surviving credit union in a merger under  
27 subsection (2) is a foreign credit union, and the surviving

1 credit union transacts business in this state, it shall comply  
2 with the provisions of this act concerning foreign credit  
3 unions.

4 (6) The commissioner may waive the membership vote described  
5 in subsection (1)(c) for a constituent credit union if he or she  
6 determines that it is in the best interests of the membership of  
7 the constituent credit union or that the constituent credit union  
8 is insolvent or in imminent danger of becoming insolvent.

9 (7) Credit unions with different fields of membership may  
10 merge under this section.

11 Sec. 373. (1) A domestic credit union may convert into a  
12 mutual savings bank or mutual savings association if all of the  
13 following are met:

14 (a) At least 30 days before voting on a plan of conversion  
15 under subdivision (b), the credit union board gives written  
16 notice to the credit union's members that it is considering a  
17 conversion. The credit union board shall mail the notice to the  
18 credit union's members and shall not include any other mailing  
19 with the notice. The notice shall include all of the following:

20 (i) A brief statement of why the credit union board is  
21 considering the conversion.

22 (ii) A brief statement of the major positive and negative  
23 effects of the proposed conversion.

24 (iii) A request for members' written comments on the proposed  
25 conversion.

26 (b) The credit union board approves of a plan of conversion  
27 and files the plan of conversion with the commissioner. An

1 affirmative vote of 2/3 of the entire credit union board is  
2 required to approve a plan of conversion. The plan of conversion  
3 shall meet all of the following:

4 (i) The conversion plan discloses to the members information  
5 concerning the advantages and disadvantages of the proposed  
6 conversion and contains a statement indicating any material  
7 differences in powers between a credit union and a mutual savings  
8 bank or mutual savings association.

9 (ii) The conversion is not intended to circumvent a pending  
10 supervisory action initiated by the commissioner or another  
11 regulatory agency because of a concern over the safety and  
12 soundness of the credit union.

13 (iii) The conversion plan does not provide any official of  
14 the converting credit union with any remuneration or other  
15 economic benefit in connection with the conversion.

16 (iv) After conversion, the mutual savings bank or mutual  
17 savings association is likely to be economically viable.

18 (c) The credit union board shall call a special meeting of  
19 the members to vote on the conversion plan and mail to each  
20 member notice of the meeting and proposed conversion 90 days ~~and~~  
21 ~~60 days~~ before the date of the special meeting. ~~Each~~ **The**  
22 notice shall include all of the following:

23 (i) A summary of the positive and negative effects of the  
24 proposed conversion.

25 (ii) A statement that the ~~directors~~ **officials** will not  
26 receive any remuneration or other economic benefit in connection  
27 with the conversion of the domestic credit union.

1           (iii) A statement that any interested person may obtain more  
2 detailed information about the conversion from the domestic  
3 credit union at its principal place of business, or by any method  
4 approved in advance by the commissioner.

5           (iv) A statement that the credit union board may  
6 substantively amend the proposed plan of conversion before the  
7 special meeting based on comments from regulatory authorities or  
8 any other reason and that the credit union board may terminate  
9 the proposed plan of conversion.

10          (v) Instructions for obtaining a copy of the conversion  
11 plan.

12          (vi) The date of the special meeting and a statement that the  
13 vote on the conversion will close on that date.

14          (vii) Any other information required by the commissioner.

15          (d) **At least 60 days before the special meeting described in**  
16 **subdivision (c), the credit union board posts a copy of the**  
17 **notice required in subdivision (c) in each branch, service**  
18 **center, or other location in this state where members may**  
19 **transact business with the credit union, in at least 12-point**  
20 **type, displayed prominently in an area visible to members before**  
21 **they transact business.**

22          (e) **At least 60 days before the special meeting described in**  
23 **subdivision (c), if the credit union conducts any member**  
24 **transactions through the use of an internet website, the credit**  
25 **union board displays the information included in the notice**  
26 **required in subdivision (c) in a conspicuous location on that**  
27 **website.**

1           **(f)** ~~-(d)-~~ Thirty days before the special meeting of the  
2 members, the credit union board mails a notice of the meeting and  
3 proposed conversion. The notice shall include all of the  
4 information described in subdivision (c) for the 90-day ~~and~~  
5 ~~60-day notices-~~ **notice** and shall include the date, time, and  
6 place of the special member meeting, a ballot and postage-paid  
7 return envelope, and a summary of the methods permitted for  
8 casting votes.

9           **(g)** ~~-(e)-~~ If the plan of conversion is substantively amended  
10 by the credit union board, at least 30 days before the vote of  
11 the members on the plan the credit union board shall mail a  
12 notice to each member. The notice shall contain the information  
13 concerning the amended plan of conversion described in  
14 subdivision (c) for a notice under that subdivision.

15           **(h)** ~~-(f)-~~ At a special meeting of members, the members, by a  
16 2/3 vote of members voting, ~~to~~ approve of the conversion and  
17 the plan of conversion. A member may vote in person or by mail.  
18 With the prior approval of the commissioner, a domestic credit  
19 union may accept member votes by an alternative method that is  
20 reasonably calculated to ensure each member has an opportunity to  
21 vote.

22           **(i)** ~~-(g)-~~ The domestic credit union files with the  
23 commissioner all of the following:

24           (i) Certified copies of records of all proceedings held by  
25 the credit union board and members of the domestic credit union.

26           (ii) Copies of member comments submitted to the domestic  
27 credit union under subdivision (a)(iii).

1           (iii) If that consent or approval is required, a certified  
2 copy of the consent or approval of any state or federal  
3 regulatory authority with jurisdiction over the mutual savings  
4 bank or mutual savings association after the conversion and, if a  
5 holding company is to be formed in connection with the  
6 conversion, the regulations of the federal reserve board of  
7 governors or of the office of thrift supervision applicable to  
8 holding companies.

9           (iv) Verification that deposits in the converted mutual  
10 savings bank or mutual savings association qualify for federal  
11 insurance.

12           (2) If the requirements of this section are met and the  
13 commissioner determines that the notices to members were  
14 accurate, timely, and not misleading, and that conduct of the  
15 vote on the conversion plan was fair and lawful, the commissioner  
16 shall approve the conversion and the conversion is effective.

17           (3) Except as otherwise required by the commissioner, this  
18 section does not apply to a domestic credit union that submitted  
19 to the commissioner a plan of conversion into a mutual savings  
20 bank or mutual savings association before the effective date of  
21 this act.

22           Sec. 374. (1) A domestic credit union may convert into a  
23 bank, stock savings bank, or stock savings and loan association  
24 if all of the following are met:

25           (a) At least 30 days before voting on a plan of conversion  
26 under subdivision (b), the credit union board gives written  
27 notice to the credit union's members that it is considering a

1 conversion. The credit union board shall mail the notice to the  
2 credit union's members and shall not include any other mailing  
3 with the notice. The notice shall include all of the following:

4 (i) A brief statement of why the credit union board is  
5 considering the conversion.

6 (ii) A brief statement of the major positive and negative  
7 effects of the proposed conversion.

8 (iii) A complete and accurate description of the differences  
9 between a credit union and a bank, stock savings bank, or stock  
10 savings and loan association, as appropriate.

11 (iv) A request for members' written comments on the proposed  
12 conversion.

13 (b) By an affirmative vote of 2/3 of the entire credit union  
14 board, the credit union board approves of a plan of conversion  
15 and files the plan of conversion with the commissioner. The  
16 conversion plan shall include all of the following:

17 (i) The member eligibility record date and the subscription  
18 offering priority established in connection with any proposed  
19 stock offering.

20 (ii) A business plan, including a detailed discussion of how  
21 the capital acquired in the conversion will be used, expected  
22 earnings for at least a 3-year period following the conversion,  
23 and a justification for any proposed stock repurchases.

24 (iii) A full appraisal report, prepared by an independent  
25 appraiser, of the value of the credit union and the pricing of  
26 the stock to be sold in the conversion transaction.

27 (iv) A legal opinion that any proposed stock offering



1 complies with state and federal law.

2 (v) Copies of notices to be provided to members under  
3 subdivisions (d) and (e).

4 (c) The commissioner grants preliminary approval of the plan  
5 of conversion approved by the credit union board. The  
6 commissioner shall review the contents of the plan and member  
7 comments on the plan and grant preliminary approval of the plan  
8 if the commissioner is satisfied of all of the following:

9 (i) The conversion plan discloses to the members information  
10 concerning the advantages and disadvantages of the proposed  
11 conversion, contains a complete and accurate description of the  
12 differences between a credit union and a bank, stock savings  
13 bank, or stock savings and loan association, as appropriate, and  
14 contains a statement indicating any material differences in  
15 powers between a credit union and a bank, stock savings bank, or  
16 stock savings and loan association, as appropriate.

17 (ii) The conversion is not intended to circumvent a pending  
18 supervisory action initiated by the commissioner or another  
19 regulatory agency because of a concern over the safety and  
20 soundness of the credit union.

21 (iii) The conversion plan does not provide any official of  
22 the converting credit union with any remuneration or other  
23 economic benefit in connection with the conversion.

24 (iv) The conversion plan does not permit the converting  
25 credit union to loan funds or otherwise extend credit to any  
26 person to purchase the capital stock of the bank, stock savings  
27 bank, or stock savings and loan association.

1 (v) After conversion, the bank, stock savings bank, or stock  
2 savings and loan association is likely to be economically  
3 viable.

4 (d) If the commissioner grants preliminary approval under  
5 subdivision (c), the credit union board shall call a special  
6 meeting of the members to vote on the conversion plan and mail to  
7 each member notice of the meeting and proposed conversion 90 days  
8 ~~and 60 days~~ before the date of the special meeting. ~~Each~~ **The**  
9 notice shall include all of the following:

10 (i) A summary of the positive and negative effects of the  
11 proposed conversion.

12 (ii) A statement that the ~~directors~~ **officials** will not  
13 receive any remuneration or other economic benefit in connection  
14 with the conversion of the domestic credit union.

15 (iii) A statement that any interested person may obtain more  
16 detailed information about the conversion from the domestic  
17 credit union at its principal place of business, or by any method  
18 approved in advance by the commissioner.

19 (iv) If the conversion plan includes a distribution of a  
20 portion of the credit union's net worth to members, a statement  
21 describing the amount of the distribution, the form of the  
22 distribution, and eligibility requirements to receive a  
23 distribution.

24 (v) The par value and approximate number of shares of capital  
25 stock to be issued and sold under the proposed plan of  
26 conversion.

27 (vi) A statement that savings and share account holders will

1 continue to hold accounts in the converted bank, stock savings  
2 bank, or stock savings and loan association identical as to  
3 dollar amount and general terms, and that their accounts will  
4 continue to be insured.

5 (vii) A statement that borrowers' loans will be unaffected by  
6 conversion, and that the amount, rate, maturity, security, and  
7 other conditions will remain contractually fixed as they existed  
8 before conversion.

9 (viii) A statement that the credit union board may  
10 substantively amend the proposed plan of conversion before the  
11 special meeting based on comments from regulatory authorities or  
12 any other reason and that the credit union board may terminate  
13 the proposed plan of conversion.

14 (ix) Instructions for obtaining a copy of the conversion  
15 plan.

16 (x) The date of the special meeting and a statement that the  
17 vote on the conversion will close on that date.

18 (xi) Any other information required by the commissioner.

19 **(e) At least 60 days before the special meeting described in**  
20 **subdivision (d), the credit union board posts a copy of the**  
21 **notice required in subdivision (d) in each branch, service**  
22 **center, or other location in this state where members may**  
23 **transact business with the credit union, in at least 12-point**  
24 **type, displayed prominently in an area visible to members before**  
25 **they transact business.**

26 **(f) At least 60 days before the special meeting described in**  
27 **subdivision (d), if the credit union conducts any member**

1 transactions through the use of an internet website, the credit  
2 union board displays the information included in the notice  
3 required in subdivision (d) in a conspicuous location on that  
4 website.

5 (g) ~~-(e)-~~ Thirty days before the special meeting of the  
6 members, the credit union board mails a notice of the meeting and  
7 proposed conversion to the members. The notice shall include all  
8 of the information described in subdivision (d) for the 90-day  
9 ~~and 60-day notices~~ notice and shall include the date, time, and  
10 place of the special member meeting, a ballot and postage-paid  
11 return envelope, and a summary of the methods permitted for  
12 casting votes.

13 (h) ~~-(f)-~~ If the plan of conversion is substantively amended  
14 by the credit union board, at least 30 days before the vote of  
15 the members on the plan the credit union board shall mail a  
16 notice to each member. The notice shall contain the information  
17 concerning the amended plan of conversion described in  
18 subdivision (d) for a notice under that subdivision.

19 (i) ~~-(g)-~~ At a special meeting of members, the members, by a  
20 2/3 vote of members voting, ~~to~~ approve of the conversion and  
21 the plan of conversion. A member may vote in person or by mail.  
22 With the prior approval of the commissioner, a domestic credit  
23 union may accept member votes by an alternative method that is  
24 reasonably calculated to ensure each member has an opportunity to  
25 vote.

26 (j) ~~-(h)-~~ The domestic credit union files with the  
27 commissioner all of the following:

1           (i) Certified copies of records of all proceedings held by  
2 the credit union board and members of the domestic credit union.

3           (ii) Copies of member comments submitted to the domestic  
4 credit union under subdivision (a)(iii).

5           (iii) If that consent or approval is required, a certified  
6 copy of the consent or approval of any state or federal  
7 regulatory authority with jurisdiction over the bank, stock  
8 savings bank, or stock savings and loan association after the  
9 conversion and, if a holding company is to be formed in  
10 connection with the conversion, the regulations of the federal  
11 reserve board of governors or of the office of thrift supervision  
12 applicable to holding companies.

13           (iv) Verification that deposits in the converted bank, stock  
14 savings bank, or stock savings and loan association qualify for  
15 federal insurance.

16           (2) If the requirements of this section and the regulations  
17 of the federal agency providing federal deposit insurance  
18 regarding mutual-to-stock conversions are met, and the  
19 commissioner determines that the notices to members were  
20 accurate, timely, and not misleading, and that conduct of the  
21 vote on the conversion plan was fair and lawful, the commissioner  
22 shall approve the conversion and the conversion is effective.

23           Sec. 382. (1) A domestic credit union shall use the  
24 calendar year as its fiscal year.

25           **(2) A domestic credit union shall follow generally accepted**  
26 **accounting principles in its accounting, unless a different**  
27 **accounting standard is required by state or federal statute,**

1 **rule, or regulation.**

2           Sec. 386. (1) A domestic credit union shall establish and  
3 maintain reserves in an amount that qualifies the domestic credit  
4 union for insurance of its accounts under federal law and meets  
5 any requirement of the commissioner.

6           (2) A domestic credit union shall establish allowances for  
7 loan and lease losses account based on its reasonably foreseeable  
8 loan and lease losses and shall maintain the account in  
9 accordance with generally accepted accounting principles. A  
10 domestic credit union shall charge a loan or lease or any portion  
11 of a loan or lease to the allowance for loan and lease losses  
12 account if any of the following occur:

13           (a) The credit union board considers the loan or lease or any  
14 portion of a loan or lease uncollectible.

15           (b) The loan or lease is 12 or more contractual payments  
16 delinquent, the borrower has not made a contractual payment in  
17 the past 90 days, and the domestic credit union has not  
18 instituted judicial proceedings to collect the loan or lease.

19           (c) The commissioner orders the domestic credit union to  
20 charge the loan or lease or any portion of a loan or lease to the  
21 allowance for loan and lease losses account.

22           (3) A domestic credit union shall establish special reserves  
23 to protect the interests of members if required by rule of the  
24 commissioner or if the credit union board or the commissioner  
25 decide that a special reserve is necessary to protect the  
26 interests of the members concerning a specific event.

27           (4) This section applies to a corporate credit union

1 **organized under this act** only to the extent the commissioner  
2 determines is necessary to protect the interests of the members  
3 and other share and deposit account holders of the corporate  
4 credit union.

5       Sec. 401. (1) A domestic credit union has the powers  
6 described in this section, specified or implied by this act, and  
7 specified in any other law of this state.

8       (2) A domestic credit union has all of the following powers:

9       (a) To enter into contracts.

10       (b) To sue and be sued.

11       (c) To adopt and alter a seal.

12       (d) To individually or jointly with other credit unions,  
13 purchase, lease, or otherwise acquire and hold tangible personal  
14 property necessary or incidental to its operations. A domestic  
15 credit union shall depreciate or appreciate personal property in  
16 the manner and at the rates the commissioner prescribes by rule,  
17 order, or declaratory ruling.

18       (e) To sell, convey, lease, or otherwise dispose of, or  
19 assign, pledge, or create a security interest in, all or part of  
20 its tangible personal property, including property obtained as a  
21 result of a default of an obligation owed to the domestic credit  
22 union. A domestic credit union may finance the sale of its  
23 personal property to a person at a rate of interest that does not  
24 exceed the rate of interest permitted by the credit reform act,  
25 1995 PA 162, MCL 445.1851 to 445.1864, for loans to its members  
26 for the purchase of equivalent property.

27       (f) To incur and pay necessary and incidental operating

1 expenses.

2 (g) To receive the funds of its members either as payment on  
3 shares or as deposits. Subject to the limitation on payment of  
4 dividends in section 362, a domestic credit union may have 1 or  
5 more classes of share or deposit accounts in the classifications  
6 and form, under the terms and conditions and with liquidation  
7 priorities authorized by the credit union board, unless otherwise  
8 prescribed by law. A domestic credit union shall provide for the  
9 transfer and withdrawal of funds from accounts by the means and  
10 through the payment systems that the credit union board  
11 determines best serve the convenience and needs of its members.

12 (h) To charge fees in connection with shares, savings,  
13 extensions of credit, and other services by contract or  
14 agreement.

15 (i) To make secured or unsecured loans to any member, at  
16 fixed or variable interest rates, and take and hold any real or  
17 personal property as security. In establishing an interest rate,  
18 the domestic credit union ~~may~~ **shall** consider the collateral  
19 provided, the creditworthiness of the borrower, the duration of  
20 the loan, and any other factor reasonably determined by the  
21 domestic credit union to affect the ~~interest rate~~ **risks related**  
22 **to the loan.**

23 (j) To borrow funds from any source. Funds borrowed under  
24 this subdivision are not deposits. The domestic credit union may  
25 secure a loan described in this subdivision with a pledge of some  
26 or all of the domestic credit union's assets.

27 (k) To make loans to a trade association of which it is a



1 member.

2 (l) To provide debt counseling and other financial counseling  
3 services to its members. If the counseling includes debt  
4 management for a member and the member is delinquent in any  
5 indebtedness owed to the domestic credit union, the domestic  
6 credit union shall not charge that member, directly or  
7 indirectly, a fee for providing the counseling services.

8 (m) To disburse loan proceeds as the borrower directs.

9 (n) To act as trustee or custodian of and administer, for  
10 individuals or as part of an employer group plan, retirement  
11 accounts or other accounts that permit tax deferrals or provide  
12 other tax benefits under federal or state law.

13 (o) To act as agent for its members and depositors in the  
14 purchase, sale, or other disposition of securities, interests in  
15 mutual funds, and interests or participations in any other type  
16 of investment, if the purchase, sale, or other disposition is  
17 done solely for the accounts of its members and depositors and is  
18 done on a nonrecourse basis.

19 (p) To discount, sell, convey, or otherwise dispose of, or  
20 assign, pledge, or create a security interest in, all or part of  
21 its intangible personal property.

22 (q) To purchase any of the assets of another domestic credit  
23 union, or with the approval of the commissioner assume any of the  
24 liabilities of another domestic credit union.

25 (r) To make deposits in ~~—, loan to, or under section 431~~  
26 ~~invest in~~ **or loans to** banks, savings banks, savings and loan  
27 associations, trust companies, and other ~~domestic~~ credit

1 unions, or purchase shares of **mutual savings banks**, mutual  
2 savings and loan associations, and other ~~domestic~~ credit  
3 unions. A domestic credit union may also make deposits in, loans  
4 to, or ~~under section 431~~ purchase shares of a corporate credit  
5 union and invest funds as provided in section 431.

6 (s) To join, make deposits in or loans to, or purchase shares  
7 of any federal reserve bank, federal home loan bank, or central  
8 liquidity facility established under federal or state law.

9 (t) To hold membership in associations and organizations  
10 controlled by or fostering the interests of credit unions or in a  
11 central liquidity facility organized under federal or state law.

12 (u) To, if approved by the credit union board and not  
13 inconsistent with this act, engage in activities and programs of  
14 the federal government, a state, a territory of the United  
15 States, or an agency or political subdivision of the federal  
16 government or a state or territory of the United States.

17 (v) To receive funds as shares or deposits from ~~other~~  
18 ~~domestic a credit unions or from banks, savings banks, savings~~  
19 ~~and loans~~ **union, bank, savings bank, savings and loan**  
20 **association**, or any other type of depository institution.

21 (w) To receive funds as shares or deposits from a retirement  
22 plan that serves all or any of the domestic credit union's  
23 members or potential members.

24 (x) To receive funds as shares or deposits from a public  
25 employee retirement system or plan.

26 (y) To lease tangible personal property to its members.

27 (z) To purchase, sell, pledge, discount, or otherwise

1 acquire, or dispose of all or part of the obligations of its  
2 members in accordance with section 432. This subdivision does  
3 not apply to participation loans originated pursuant to section  
4 ~~423(5)~~ **423(7)**.

5 (aa) At the domestic credit union's expense, to purchase  
6 insurance for its members in connection with share, deposit,  
7 loan, or other accounts.

8 (bb) To establish, operate, participate in, or hold  
9 membership in systems that allow the transfer of credit union  
10 funds and funds of its members or other account holders by  
11 electronic or other means, including clearinghouse associations,  
12 data processing and other electronic networks, the federal  
13 reserve system, or any other payment or liquidity program and  
14 contract with outside vendors to process member payments, send or  
15 receive funds for member investments, or initiate and execute  
16 electronic funds transfers on behalf of its members.

17 (cc) To service loans sold by the domestic credit union, in  
18 whole or in part, to a third party.

19 (dd) To receive payments on shares or deposits from or make  
20 loans to the United States or an agency or instrumentality of the  
21 United States.

22 (ee) To act as a fiscal agent and maintain treasury tax and  
23 loan accounts of the United States.

24 (ff) To receive payments on shares or deposits from a state,  
25 a territory of the United States, or from an agency, political  
26 subdivision, or instrumentality of a state or territory of the  
27 United States. A domestic credit union may act as fiscal agent

1 for, maintain tax and loan accounts of, and make loans to, an  
2 entity that the domestic credit union has authority to receive  
3 payments from under this subdivision.

4 (gg) To organize, invest in, and make loans to ~~corporations~~  
5 ~~or other organizations that engage in activities incidental to~~  
6 ~~the conduct of a credit union or in activities that further or~~  
7 ~~facilitate the purposes of a credit union or that furnish~~  
8 ~~services to credit unions~~ **credit union service organizations.**

9 In addition to the activities ~~authorized by~~ **described in**  
10 section ~~407~~ **407(1) or (2) for credit union service**  
11 **organizations**, the commissioner shall determine ~~by rule, order,~~  
12 ~~or declaratory ruling~~ the activities and services that fall  
13 within the meaning of this subdivision. Investments and loans  
14 described in this subdivision shall not in the aggregate exceed  
15 12% of the assets of the domestic credit union, and without the  
16 prior approval of the commissioner shall not in the aggregate  
17 exceed 6% of the assets of the domestic credit union. A domestic  
18 credit union may not invest in or make loans to a ~~corporation or~~  
19 ~~other~~ **credit union service** organization under this subdivision  
20 unless the ~~corporation or~~ **credit union service** organization  
21 agrees in writing to allow the commissioner to conduct an  
22 examination of the ~~corporation or~~ **credit union service**  
23 organization to the same extent that the commissioner is  
24 authorized to examine credit unions and agrees in writing to make  
25 any reports to the commissioner that he or she requires.

26 (hh) To individually or jointly with other credit unions or  
27 other financial organizations, purchase, lease, construct, or

1 otherwise acquire and hold land and buildings for the purpose of  
2 providing adequate facilities for the transaction of present and  
3 potential business. A domestic credit union may use land and  
4 buildings for its principal place of business functions, a  
5 branch, a service center, or another facility used to conduct an  
6 activity in which it engages. A domestic credit union may rent  
7 excess space as a source of income. A domestic credit union  
8 shall depreciate or appreciate buildings owned by it in the  
9 manner and at the rates the commissioner may prescribe by rule,  
10 order, or declaratory ruling. A domestic credit union's  
11 investment or contractual obligations, direct, indirect, or  
12 contingent, in land and buildings under this subdivision may not  
13 exceed 5% of its assets without the prior approval of the  
14 commissioner. An agreement to acquire and hold buildings or land  
15 jointly with other credit unions or other financial organizations  
16 requires the prior approval of the commissioner. The  
17 commissioner shall act on a completed application within 30 days  
18 after the application is filed.

19 (ii) To own stock in a corporation that owns land or  
20 buildings used to provide a facility described in subdivision  
21 (hh), but ownership of the stock is an investment in the land and  
22 buildings for all purposes under subdivision (hh). If a domestic  
23 credit union owns less than 100% of the stock in a corporation  
24 described in this subdivision, the investment is a joint  
25 agreement that requires the commissioner's approval under  
26 subdivision (hh).

27 (jj) To sell, convey, lease, or otherwise dispose of, or

1 assign, mortgage, pledge, or create a lien in, all or part of its  
2 land and buildings, including land and buildings obtained as a  
3 result of a default of an obligation owed to it, or stock in a  
4 corporation described in subdivision (ii). A domestic credit  
5 union may finance the sale of its land and buildings to any  
6 person at a rate of interest that does not exceed the rate of  
7 interest permitted by the credit reform act, 1995 PA 162, MCL  
8 445.1851 to 445.1864, for loans to its members for the purchase  
9 of land and buildings.

10 (kk) Pursuant to a written agreement, to perform services for  
11 members of other domestic or foreign credit unions. A domestic  
12 credit union may allow other credit unions to perform services  
13 for its members pursuant to a written agreement. A domestic  
14 credit union shall perform services described in this subdivision  
15 in accordance with the laws of this state.

16 (ll) To engage in any aspect of the insurance and surety  
17 business as an agent, broker, solicitor, or insurance counselor  
18 as provided under the insurance code of 1956, 1956 PA 218, MCL  
19 500.100 to 500.8302.

20 (mm) To own an insurance agency in whole or in part as  
21 provided under the insurance code of 1956, 1956 PA 218, MCL  
22 500.100 to 500.8302.

23 (nn) To make charitable contributions if the individual  
24 contributions and the aggregate amount of the contributions are  
25 reasonable in amount.

26 (oo) To offer tax return preparation and filing services.

27 (pp) To contract with entities offering funds transfer

1 services and provide those services to any person.

2 (qq) To receive payments on shares or deposits or make loans  
3 to corporations that are wholly owned by 1 or more of the types  
4 of entities from which the domestic credit union may receive  
5 payments on shares under subdivision (dd) or (ff).

6 (rr) To enter into marketing and other support arrangements  
7 to facilitate members' purchases of goods and services from third  
8 parties that may include compensation to the domestic credit  
9 union.

10 (ss) To purchase insurance policies and other investment  
11 products to fund deferred compensation arrangements for its  
12 employees. If the deferred compensation arrangement does not  
13 present a risk to the safety and soundness of the domestic credit  
14 union, the purchase of those investment products is not subject  
15 to the limitations of this act.

16 (tt) Subject to section 352, to establish and revise its  
17 field of membership.

18 (uu) Guarantee the signature of a member in connection with a  
19 transaction involving tangible or intangible property in which a  
20 member has or seeks to acquire an interest.

21 (vv) Perform any of the following services for a person who  
22 is not a member of the credit union if the service is performed  
23 under a contractual arrangement in which another financial  
24 organization performs the same service for the credit union's  
25 members:

26 (i) Cash advances.

27 (ii) Funds transfers.

1 (iii) Cashing travelers checks.

2 (iv) Any other service specified by the commissioner by rule,  
3 order, or declaratory ruling.

4 (ww) To perform any of the following services for any person  
5 in an underserved area or who does not have an established  
6 relationship with a financial institution:

7 (i) Cashing and selling checks, drafts, or money orders.

8 (ii) Purchasing and selling foreign currencies in exchange  
9 for United States currency.

10 (iii) Wire transfers.

11 Sec. 402. (1) A corporate credit union **organized under this**  
12 **act** has all of the following powers in addition to the powers  
13 granted by this act to all domestic credit unions:

14 (a) To accept funds, either as shares or deposits, from a  
15 domestic, foreign, or alien credit union, whether or not that  
16 credit union is a member of the corporate credit union.

17 (b) To make loans to or investments or deposits in a credit  
18 union, whether or not that credit union is a member of the  
19 corporate credit union.

20 (c) To make loans to or place deposits in a bank, savings  
21 bank, trust company, or savings and loan association chartered by  
22 this state, by another state or territory of the United States,  
23 or by the United States.

24 (d) To place deposits in a bank chartered under the laws of  
25 Canada or a member state of the European Union.

26 (e) To borrow from any source.

27 (f) To act as a fiscal agent for the United States, a state,



1 or an agency or political subdivision of the United States or a  
2 state.

3 (g) To participate with any other credit union in making  
4 loans to its members or to members of the other participating  
5 credit union, on the terms and conditions to which the  
6 participating credit unions agree.

7 (h) To purchase, sell, and hold investment securities that  
8 are marketable obligations in the form of bonds, notes, or  
9 debentures and that are salable under ordinary circumstances. A  
10 corporate credit union board shall adopt a written investment  
11 policy and the corporate credit union shall make all investments  
12 and related contracts and agreements under this subdivision in  
13 accordance with that policy.

14 (i) To contract for penalties for loans paid before their  
15 scheduled maturity.

16 ~~(j) In its bylaws, to authorize the corporate credit union~~  
17 ~~board to delegate to management the authority to set interest~~  
18 ~~rates on loans and deposits and to determine dividends on~~  
19 ~~shares.~~

20 (j) ~~(k)~~ To act as an intermediary of member and credit  
21 union funds.

22 (k) ~~(l)~~ To act as an agent to pay, receive, and transfer  
23 assets and liabilities.

24 (l) ~~(m)~~ To receive and hold securities and other assets.

25 (m) ~~(n)~~ To provide payment systems services in conjunction  
26 with financial institutions or other vendors, or other  
27 correspondent services.

1           **(n)** ~~-(e)-~~ To provide services to members involving  
2 investments and liquidity management.

3           **(o)** ~~-(p)-~~ To engage in repurchase agreement transactions with  
4 broker-dealers.

5           **(p)** ~~-(q)-~~ To purchase, sell, and hold financial derivatives.

6           **(q)** ~~-(r)-~~ To exercise any other power approved by the  
7 commissioner by rule, order, or declaratory ruling.

8           (2) This act does not permit a corporate credit union  
9 **organized under this act** to make or participate in a loan to a  
10 natural person that has terms and conditions that would not  
11 otherwise be authorized for a loan to a natural person made by  
12 another domestic credit union.

13           Sec. 407. (1) Subject to subsection (3), a domestic credit  
14 union may organize, invest in, or loan money to 1 or more credit  
15 union service organizations that ~~provide~~ **engage primarily in**  
16 **providing** 1 or more of the following products or services to  
17 credit unions:

18           (a) Automated information processing services.

19           (b) Share draft and other item processing.

20           (c) Credit and debit card services.

21           (d) Microfilm and microfiche services.

22           (e) Printing and supply services.

23           (f) Service center functions.

24           (g) Selling or leasing real estate.

25           (h) Automated teller machine and electronic funds transfer  
26 services.

27           (i) Collection activities.

- 1 (j) Personnel services.
- 2 (k) Appraisal, closing, or other services in connection with  
3 real estate loan activities.
- 4 (l) Investment management, investment research, and other  
5 full service broker-dealer services, but not underwriting of  
6 investment securities.
- 7 (m) Property leasing to credit unions.
- 8 (n) Accounting and auditing services.
- 9 (o) Records retention and preservation.
- 10 (p) Security for data processing equipment and other credit  
11 union property.
- 12 (q) Architectural services, including, but not limited to,  
13 providing original designs, remodeling, and redesigning.
- 14 (r) Administration and other services related to commercial  
15 loans and participation loans.
- 16 (s) Providing management and operating services.
- 17 (t) Marketing services.
- 18 (u) Management, development, sale, or lease of fixed assets.
- 19 (v) Sale, lease, or servicing of computer hardware and  
20 software.
- 21 (w) Sale of repossessed property or other personal property  
22 of credit unions.
- 23 (x) Locator services.
- 24 (y) Credit analysis.
- 25 (z) Loan origination, processing, servicing, and sale.
- 26 (aa) Research services.
- 27 (bb) Developing and administering individual retirement

1 accounts or Keogh (HR-10), deferred compensation, or other  
2 personnel benefit plans.

3 (cc) Property maintenance services.

4 (dd) Courier services.

5 (ee) If approved by the commissioner, any other product or  
6 service.

7 (2) Subject to subsection (3), a domestic credit union may  
8 organize, invest in, or loan money to 1 or more credit union  
9 service organizations that ~~provide~~ **engage primarily in**  
10 **providing** 1 or more of the following products or services to  
11 credit unions or their members:

12 (a) Equipment leasing and financing.

13 (b) Payroll services.

14 (c) Real estate brokerage services.

15 (d) Prepaid legal services.

16 (e) Motor vehicle purchasing services.

17 (f) Group travel services.

18 (g) Insurance, to the extent not prohibited by state law.

19 (h) Financial planning, investment counseling, or other  
20 financial services.

21 (i) Consumer purchasing referral services.

22 (j) Income tax services.

23 (k) Retirement counseling.

24 (l) Securities brokerage counseling.

25 (m) Estate planning.

26 (n) Personal property leasing.

27 (o) Service contracts or extended warranty contracts for

1 motor vehicles, motorcycles, recreational vehicles, manufactured  
2 homes, boats, computers, or other personal property items.

3 (p) Investment management, investment research, or other  
4 full-service securities broker-dealer services, but not  
5 underwriting of investment securities.

6 (q) If approved by the commissioner, any other product or  
7 service.

8 (3) A domestic credit union may organize, invest in, or loan  
9 money to a credit union service organization described in  
10 subsection (1) or (2) only if all of the following are met:

11 (a) The credit union service organization is adequately  
12 capitalized or has a reasonable plan for adequate capitalization  
13 if it is to be formed or is newly formed.

14 (b) The credit union service organization is structured and  
15 operated as a separate legal entity from the domestic credit  
16 union.

17 (c) The domestic credit union obtains a written legal opinion  
18 that the credit union service organization is structured and  
19 operated in a manner that limits the domestic credit union's  
20 potential liability for the debts and liabilities of the credit  
21 union service organization to not more than the loss of money  
22 invested in or loaned to the credit union service organization by  
23 the domestic credit union.

24 (d) The credit union service organization agrees in writing  
25 to prepare financial statements and provide them to the domestic  
26 credit union at least quarterly.

27 (e) The credit union service organization agrees in writing

1 to obtain an audit of the credit union service organization from  
2 a certified public accountant at least annually and provide a  
3 copy of each audit report to the domestic credit union.

4 (f) The credit union service organization operates in  
5 compliance with applicable federal and state laws.

6 (4) The credit union board of a domestic credit union that  
7 organizes, invests in, or lends money to a credit union service  
8 organization shall establish, in writing, the maximum percentage  
9 amount of ~~net worth~~ **assets** that the domestic credit union may  
10 invest in or loan to the credit union service organization.

11 (5) The senior management employees of a domestic credit  
12 union shall not receive any salary, commission, investment  
13 income, or other income or compensation from a credit union  
14 service organization that is an affiliate of the domestic credit  
15 union.

16 (6) In determining compliance with the percentage limitations  
17 in section 401(2)(gg), all loans cosigned, endorsed, or otherwise  
18 guaranteed by a domestic credit union to credit union service  
19 organizations are included in determining the aggregate amount of  
20 loans by the domestic credit union.

21 (7) A domestic credit union shall follow generally accepted  
22 accounting principles in its accounting of its financial  
23 involvement in a credit union service organization.

24 Sec. 423. (1) A loan by a domestic credit union to a member  
25 shall conform to any conditions contained in the bylaws.

26 (2) A borrower may repay his or her loan from a domestic  
27 credit union in whole or in part at any time the domestic credit

1 union is open for business or otherwise capable of receiving  
2 payment on the loan.

3 (3) A domestic credit union may contract with a borrower for  
4 the borrower to reimburse the domestic credit union for any  
5 specifically identified third party costs related to a loan  
6 originally paid by the domestic credit union, and for any amount  
7 specifically identified in the loan agreement as an incentive if  
8 the borrower prepays the loan in full within 3 years of the date  
9 that the loan is made and the originally scheduled amortization  
10 period of the loan is more than 5 years.

11 (4) ~~A~~ **Except as provided in subsection (9), a** domestic  
12 credit union shall not agree to rates, terms, or conditions on  
13 any loan or line of ~~domestic~~ credit made to or endorsed or  
14 guaranteed by ~~a director, credit committee member, or~~  
15 ~~supervisory committee member,~~ **an official** or an immediate family  
16 member of ~~a director, credit committee member, or supervisory~~  
17 ~~committee member~~ **an official** that are more favorable than the  
18 rates, terms, and conditions for comparable loans or lines of  
19 credit to other credit union members. **A domestic credit union**  
20 **shall not agree to rates, terms, and conditions on any loan or**  
21 **line of credit to any person that has a common ownership,**  
22 **investment, or other pecuniary interest in a business with an**  
23 **official or immediate family member of an official that are more**  
24 **favorable than the rates, terms, and conditions for comparable**  
25 **loans or lines of credit to other credit union members.**

26 (5) A domestic credit union shall process a loan to ~~a~~  
27 ~~director or member of the credit committee or supervisory~~

1 ~~committee~~ **an official or employee** in the same manner as a loan  
2 to other members, except that the applicant shall not participate  
3 in the approval process for his or her loan.

4 (6) A domestic credit union may provide open-end or  
5 closed-end credit arrangements for its members if the credit  
6 union board has established a policy for those credit  
7 arrangements. Unless prohibited by the agreement for the  
8 open-end credit arrangement, a domestic credit union may under an  
9 open-end credit arrangement unilaterally increase the approved  
10 limit or may increase the approved limit on the request of the  
11 member.

12 (7) A domestic credit union may participate in loans to  
13 credit union members jointly with other credit unions, credit  
14 union service organizations, or other financial institutions.

15 (8) A domestic credit union may participate in a guaranteed  
16 loan program of the federal or state government under the terms  
17 and conditions specified in the law establishing that program.

18 (9) A domestic credit union may offer reduced rate loans and  
19 other extensions of credit to its employees, **other than employees**  
20 **who are directors, supervisory committee members, credit**  
21 **committee members, or members of any other committee that**  
22 **performs significant ongoing functions relating to the ongoing**  
23 **operations of the domestic credit union,** under a policy adopted  
24 by its credit union board.

25 (10) The credit union board, or the credit committee if the  
26 domestic credit union has a credit committee that does not  
27 include any credit union employees, must approve of any loan or



1 other extension of credit to or purchase of an obligation of the  
2 general manager.

3       **(11) —(10)—** A domestic credit union shall not make a loan or  
4 extend a line of credit if an official or senior management  
5 employee will receive a commission, fee, or compensation other  
6 than salary if the loan or line of credit is approved.

7       **(12) A domestic credit union shall not loan more than**  
8 **\$20,000.00 or 25% of its net worth, whichever is greater, to a**  
9 **borrower and any affiliates of the borrower. This subsection**  
10 **does not apply to a corporate credit union.**