

CREDIT UNION ACT (EXCERPT)
Act 215 of 2003

490.372 Conversion of domestic credit union into foreign credit union.

Sec. 372.

(1) A domestic credit union may convert into a foreign credit union under this section if all of the following are met:

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

- (i) A brief statement of why the credit union board is considering the conversion.
- (ii) A brief statement of the major positive and negative effects of the proposed conversion.
- (iii) A request for members' written comments on the proposed conversion.

(b) The credit union board approves of a plan of conversion and files the plan of conversion with the commissioner. An affirmative vote of 2/3 of the entire credit union board is required to approve a plan of conversion. The plan of conversion shall meet all of the following:

(i) The conversion plan discloses to the members information concerning the advantages and disadvantages of the proposed conversion and contains a statement indicating any material differences in powers of the converted credit union.

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

(iii) The converted credit union is likely to be economically viable.

(c) The members of the credit union approve of the plan of conversion by a 2/3 vote of the members voting on the plan. Subject to subsection (2), a member may vote at a special meeting called to vote on the plan of conversion or by mail ballot. Before the vote, the credit union board shall call a special meeting of the members to provide information on the plan. At least 14 days before the meeting, the credit union board shall mail to each member a notice of the meeting and a ballot with a postage paid return envelope. The notice shall state the date, at least 15 days following the meeting, by which the member must return the ballot and the methods permitted for casting a vote, describe briefly the reasons for and the major positive and negative effects of the conversion, and state how members may obtain copies of the conversion plan. The credit union board shall count the votes cast by members upon the expiration of the time given to the members to return their ballots.

(d) The credit union files with the commissioner copies of member comments submitted to the credit union under subdivision (a)(iii) and certified copies of records of all proceedings held by the credit union board and members of the credit union.

(e) If required by the laws of the applicable jurisdiction, the credit union files with the commissioner a certified copy of the consent or approval of the appropriate regulatory authority with jurisdiction over foreign credit unions chartered by that authority.

(2) If the commissioner approves of the method before the vote, the credit union board may establish an alternative method for accepting votes from members of a converting domestic credit union on the plan of conversion under subsection (1)(c) if the alternative method is reasonably calculated to ensure each member has an opportunity to vote.

(3) If all of the conditions required by this section are met and the commissioner determines that any notices to members were accurate, timely, and not misleading, and that conduct of the vote on the conversion plan was fair and lawful, the commissioner shall approve the conversion and the conversion is effective.

History: 2003, Act 215, Eff. June 1, 2004