

[No. 105]
(SB 464)

AN ACT to amend 1925 PA 285, entitled “An act to provide for the organization, operation, and supervision of credit unions; to provide for the conversion of a state credit union into a federal credit union or a credit union organized and supervised under the laws of any other state or territory of the United States and for the conversion of a federal credit union or a credit union organized and supervised under the laws of any other state or territory of the United States into a state credit union; and to provide for the merger of credit unions organized and supervised under the laws of this state, credit unions organized and supervised under the laws of any other state or territory of the United States, and federal credit unions,” by amending the title and sections 1a, 6, 6c, 25, and 26 (MCL 490.1a, 490.6, 490.6c, 490.25, and 490.26), the title as amended and section 6c as added by 1986 PA 278, section 1a as amended by 1995 PA 163, section 6 as amended by 1993 PA 246, and sections 25 and 26 as amended by 1992 PA 246, and by adding sections 25a, 25b, and 25c.

The People of the State of Michigan enact:

TITLE

An act to provide for the organization, operation, and supervision of credit unions; to provide for the conversion of a state credit union into a federal credit union or a credit union organized and supervised under the laws of any other state or territory of the United States or any other federally insured depository institution and for the conversion of a federal credit union or a credit union organized and supervised under the laws of any other state or territory of the United States or any other federally insured depository institution into a state credit union; and to provide for the merger of credit unions organized and supervised under the laws of this state, credit unions organized and supervised under the laws of any other state or territory of the United States, and federal credit unions.

490.1a Definitions.

Sec. 1a. As used in this act:

(a) “Bank” means a bank that is organized under the laws of this state, any other state, the District of Columbia, or a territory or protectorate of the United States, or a national banking association chartered by the federal government under the national bank act, chapter 106, 13 Stat. 99, and whose deposits are insured by the federal deposit insurance corporation.

(b) “Commissioner” means the commissioner of the office of financial and insurance services in the department of consumer and industry services.

(c) “Corporate central credit union” means a credit union whose field of membership consists primarily of other credit unions including credit unions chartered by this state, by another state or territory of the United States, or by the United States.

(d) “Credit union” means a cooperative, nonprofit association, incorporated under this act for the purposes of encouraging thrift among its members, creating a source of credit at rates of interest not greater than the rates of interest permitted by the credit reform act, 1995 PA 162, MCL 445.1851 to 445.1864, and providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition. In provisions of this act governing the relationship of a

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credit union to 1 or more other credit unions, the term “credit union” includes a credit union incorporated under this act, under the laws of another state or territory of the United States, or under the laws of the United States.

(e) “Debt management” means the planning and management of the financial affairs of a debtor and the receiving of money or evidences of money from the debtor for distribution to the debtor’s creditors and debt prorating organizations in payment or partial payment of the debtor’s obligations.

(f) “Eligibility record date” means the record date, not less than 1 year before the adoption of a plan of conversion by a credit union’s board of directors, set forth in the plan of conversion for determining eligible members of a converting credit union.

(g) “Federally insured depository institution” means a state or national bank, state or federal savings and loan association, state or federal savings bank, or state or federal credit union whose deposits are insured by an agency of the federal government and which is organized under the laws of this state, another state, the District of Columbia, the United States, or a territory or protectorate of the United States.

(h) “Home office” means a place of business where all the business of a credit union may be transacted.

(i) “League” means a trade association of credit unions.

(j) “Mutual savings and loan association” means a savings and loan association for which the articles of incorporation do not authorize the issuance of common or preferred stock.

(k) “Mutual savings bank” means a savings bank for which the articles of incorporation do not authorize the issuance of common or preferred stock.

(l) “Officer” means the chairperson of the board, vice-chairperson of the board, secretary, treasurer, general manager, any individual given the title of “president” or “vice president”, an assistant treasurer, an assistant secretary, or any other person specifically designated as an officer by the board of directors.

(m) “Official” means a member of the board of directors, an officer, a member of the credit committee, if any, or a member of the supervisory committee, if any.

(n) “Savings and loan association” means a savings association organized under the laws of this state, a savings and loan association, building and loan association, or homestead association that is organized under the laws of any other state, the District of Columbia, or a territory or protectorate of the United States, or a federal savings association organized under section 5 of the home owners’ loan act, chapter 64, 48 Stat. 132, 12 U.S.C. 1464, and whose deposits are insured by the federal deposit insurance corporation.

(o) “Savings bank” means a savings bank organized under the laws of this state, any other state, the District of Columbia, a territory or protectorate of the United States, or of the United States, and whose deposits are insured by the federal deposit insurance corporation.

(p) “Service center” means a place of business other than the home office of a credit union where business of the credit union authorized by the board of directors may be transacted, except the keeping of the principal books and records required for examination purposes.

(q) “Stock savings and loan association” means a savings and loan association for which the articles of incorporation authorize the issuance of capital stock.

(r) “Stock savings bank” means a savings bank for which the articles of incorporation authorize the issuance of capital stock.

490.6 Supervision of credit union; reports; examination; fees; disposition of funds received from federal government; failure to file reports; insolvency or unsound condition of credit union; remedies; amendments to bylaws or certificate of organization; disposition of fees.

Sec. 6. (1) Credit unions shall be under the supervision of the commissioner. Each credit union shall report its financial condition at least annually before January 31 for its previous calendar year and more often if requested by the commissioner on forms supplied by the commissioner. Additional reports may be required. Credit unions shall be examined at least annually by the commissioner except that the commissioner may accept the audit of a certified public accountant in place of an examination. Each credit union shall pay an operating fee and other fees as provided in this section.

(2) The commissioner shall charge annually an operating fee to each credit union. The operating fee shall be sufficient to defray the estimated expenses to be incurred by the office of financial and insurance services in performing all credit union examinations and the supervision of credit unions. Each credit union shall be invoiced by the commissioner for the operating fee before July 1 of each year and shall pay the operating fee indicated on the invoice before July 16 of each year. The operating fee shall be computed on the total assets of the credit union as of December 31 of the previous year as shown on the statement of condition of the credit union filed with the commissioner under subsection (1). The operating fee shall be the greater of \$250.00 or a fee computed by adding all of the following:

(a) A base fee as determined by the commissioner of not less than \$1.75 or more than \$3.50 per \$1,000.00 of assets up to \$500,000.00.

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

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

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

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

(3) The commissioner shall not require a credit union to pay an operating fee more often than annually. A corporate central credit union shall pay an operating fee in the same manner as other credit unions but the fee shall not exceed \$50,000.00 annually. If the commissioner fails to transmit an examination report to a credit union during the preceding calendar year, the credit union shall receive an operating fee credit of not less than 30% or more than 70% against its next annual operating fee. The credit percentage shall be determined annually by the commissioner and applied equally to all credit unions receiving a credit.

(4) All funds received by the commissioner from the federal government for the purpose of reimbursing the office of financial and insurance services for the costs of credit union examinations and supervision services shall be paid into the state treasury to the credit of the office of financial and insurance services. The funds received under this subsection shall be used only for costs relating to the examination and supervision of state chartered credit unions.

(5) For failure to file reports when due, unless excused for cause by the commissioner, the credit union shall pay \$25.00 for each day of its delinquency. If the report is not filed within 15 days, the commissioner may revoke the credit union's certificate of approval and

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take possession of the business and property of the credit union and maintain possession until the commissioner permits it to continue business or its affairs are finally liquidated.

(6) If the commissioner determines that the credit union is insolvent or is in an unsound or unsafe condition, the commissioner may serve notice on the credit union of his or her intention to revoke the certificate of approval. If for a period of 15 days after the notice the violation or unsound or unsafe condition continues, the commissioner may revoke the certificate and take possession of the business and property of the credit union and maintain possession until the commissioner permits it to continue business or its affairs are finally liquidated under section 20(2).

(7) Amendments to the bylaws or certificate of organization of a credit union properly adopted shall be filed with the commissioner with the payment of a fee of \$10.00 for each amendment, but not in excess of \$30.00 for any 1 filing.

(8) Except as provided in subsection (4), all fees required by this act shall be paid into the state treasury to the credit of the office of financial and insurance services and the money in this account shall be used only for the operation of the office of financial and insurance services.

490.6c Conservator; grounds for appointment; bond; expenses; conservator as employee of bureau; powers and duties of conservator; termination of conservatorship; notice; reorganization; disposition of compensation and reimbursed expenses; rules.

Sec. 6c. (1) If a credit union refuses to pay its shares, deposits, or other obligations in accordance with the terms under which the shares, deposits, or other obligations were incurred, becomes insolvent, refuses to submit its books, papers, and records for examination by the commissioner, or if the commissioner determines that the credit union is in an unsafe or unsound condition, the commissioner may appoint a conservator as provided in subsection (2). If a credit union is found to be insolvent, this section does not preclude the commissioner from pursuing measures provided for under section 20(2). A credit union is considered insolvent when the total of share capital and deposit accounts is more than the value of the assets of the credit union as determined by an appraisal of assets made by the commissioner or other person authorized or directed by the commissioner to make such an appraisal.

(2) If any of the grounds set forth in subsection (1) authorizing the appointment of a conservator exist or if the commissioner considers it necessary in order to conserve the assets of a credit union for the benefit of shareholders, depositors, and other creditors, the commissioner may appoint a conservator for the credit union and require of the conservator a bond and security as the commissioner considers proper. The commissioner may appoint as conservator 1 of the examiners of the office of financial and insurance services or some other competent and disinterested person. The office of financial and insurance services shall be reimbursed out of the assets of the conservatorship for all sums expended by it in connection with the conservatorship as expenses or otherwise. Amounts reimbursed shall be paid into the revolving fund provided for in subsection (9). A conservator upon appointment under this subsection shall become an employee of the office of financial and insurance services. All expenses of a conservatorship shall be paid out of the assets of the credit union, upon the approval of the commissioner. The expenses shall be a first charge upon the assets of the credit union and shall be fully paid before any final distribution or payment of dividends is made to creditors or shareholders.

(3) The conservator, under the direction of the commissioner, shall take possession of the books, records, and assets of the credit union, and take such action as may be

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necessary to conserve the assets of the credit union pending further disposition of its business as provided by law. The conservator may execute the discharge of any real estate mortgage held as part of the assets of the credit union.

(4) The commissioner may require the conservator to set aside and make available for withdrawal by shareholders and depositors, and for payment to other creditors, on a ratable basis, amounts as in the opinion of the commissioner may be used safely for these purposes. The commissioner may permit the conservator to receive shares and deposits. Shares and deposits received while the credit union is in the hands of the conservator shall not be subject to any limitation as to payment or withdrawal. Except as provided in subsection (7), shares and deposits and any new assets acquired on account of the deposits shall be segregated and held especially for the new shares and deposits and not used to liquidate any indebtedness of the credit union existing at the time that a conservator was appointed or any subsequent indebtedness incurred for the purpose of liquidating any indebtedness of the credit union existing at the time the conservator was appointed. Shares and deposits received while the credit union is in the hands of the conservator shall be kept on hand in cash, invested in direct obligations of the United States, or deposited in banks or other credit unions as designated by the commissioner.

(5) With the prior approval of the commissioner, the conservator of a credit union may borrow money as necessary or expedient in aiding the operation, reorganization, or liquidation of the credit union, including the payment of liquidating dividends, and may secure the borrowings by the pledge, hypothecation, or mortgage of the assets of the credit union.

(6) If the commissioner is satisfied that termination of the conservatorship may be done safely and would be in the public interest, the commissioner may terminate the conservatorship and permit the credit union to resume the transaction of its business subject to the terms, conditions, and limitations as prescribed by the commissioner.

(7) Beginning 15 days after the date on which the affairs of a credit union are returned to its board of directors by the conservator, either with or without being reorganized, the provisions of subsection (4) with respect to the segregation of shares and deposits received by the credit union while in the hands of the conservator and with respect to prohibiting the use of those shares and deposits to liquidate the indebtedness of the credit union shall no longer apply. Before the conservator returns the affairs of the credit union to its board of directors, the conservator shall publish in a newspaper of general circulation in the county in which the principal place of business of the credit union is located a notice, in a form approved by the commissioner, stating the date on which the affairs of the credit union will be returned to its board of directors and that the requirement for segregation of shares and deposits received by the credit union while in the hands of the conservator and prohibiting the use of those shares and deposits to liquidate the indebtedness of the credit union will not apply beginning 15 days after the date that the affairs of the credit union are returned to the board of directors. On the date of the publication of the notice, the conservator shall send to each person who deposited money in the credit union after the appointment of the conservator a copy of the notice by mail, postage prepaid, addressed to the last known address of the person as shown by the records of the credit union. The conservator shall give similar notice to each person making a deposit in the credit union under subsection (4) after the date of the newspaper publication and before the time that the affairs of the credit union are returned to its directors.

(8) The commissioner may permit a credit union in conservatorship to reorganize its affairs and continue in business when the commissioner is satisfied that the plan for reorganization is fair and equitable as to all shareholders, depositors, and other creditors

and is in the public interest, and has approved the plan subject to the terms, conditions, and limitations as prescribed by the commissioner.

(9) All compensation and expenses required to be reimbursed to the office of financial and insurance services in connection with a conservatorship and all expenses for state supervision of conservatorships under this act shall be deposited in the state treasury and shall be credited to an office of financial and insurance services revolving fund. Money in the fund and any interest earned shall only be disbursed on proper vouchers approved by the commissioner to reimburse the office of financial and insurance services for expenses incurred by the office of financial and insurance services in connection with conservators of credit unions.

(10) The commissioner may promulgate rules as the commissioner considers necessary in order to carry out this section.

490.25 Conversion to credit union chartered under laws of United States or state or territory of United States.

Sec. 25. (1) With the approval of the commissioner and upon the affirmative vote of 2/3 of the members who vote on the proposal, a credit union organized under this act may convert, subject to this section, into a credit union chartered under the laws of the United States or any other state, the District of Columbia, territory, or protectorate of the United States.

(2) The board of directors, by an affirmative vote of 2/3 of the entire board, shall approve any plan of conversion under subsection (1) before submitting the plan to the commissioner for preliminary review. At least 30 days before voting on the plan, the board of directors shall give notice to the credit union's members that it is considering a conversion. The notice shall be mailed to the credit union's membership and shall not be included with any other mailing sent to the credit union's membership. The notice shall include all of the following:

(a) A brief statement as to why the board is considering the conversion.

(b) A brief statement of the major positive and negative effects of the proposed conversion.

(c) A request for members' written comments on the proposed conversion.

(3) The commissioner shall review the contents of the plan and member comments on the conversion plan and grant preliminary approval of the contents of the conversion plan before the credit union board presents the conversion plan to the members for a vote. The commissioner shall grant preliminary approval of the contents of the conversion plan only if the commissioner is satisfied of all of the following:

(a) 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.

(b) The conversion would not be made to circumvent a pending supervisory action that is initiated by the commissioner or other regulatory agency because of a concern over the safety and soundness of the credit union.

(c) The converted organization is likely to be economically viable.

(4) Upon preliminary approval of the contents of the conversion plan by the commissioner, the credit union shall call a special meeting of the members to provide information on the conversion plan. At least 14 days before the meeting, the credit union shall mail to each member a notice of the meeting and a ballot with postage paid return envelope. The notice shall state the date, at least 15 days following the meeting, by which the ballot shall be

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returned and the methods permitted for casting votes, 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.

(5) In addition to accepting member votes at the special meeting and by mail, with the prior approval of the commissioner, a credit union may also accept member votes on the conversion by an alternative method that is reasonably calculated to ensure each member has an opportunity to vote. The votes cast by members shall be counted upon the expiration of the time given to the members to return their ballots. Copies of member comments submitted to the credit union under subsection (2)(c) and certified copies of records of all proceedings held by the board of directors and members of the credit union shall be filed with the commissioner. In addition, the credit union shall furnish a certified copy of consent or approval of the federal regulatory authority or the regulatory authority of the applicable state, territory, or protectorate of the United States if the consent or approval is required by the laws of the applicable jurisdiction. If a credit union converting into a credit union organized under the laws of another state, territory, or protectorate of the United States intends to maintain an office in this state, it must comply with section 4h.

(6) If all of the conditions required by this section have been met, and the commissioner determines that 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 shall become effective.

490.25a Conversion of credit union into mutual savings bank or mutual savings association.

Sec. 25a. (1) With the approval of the commissioner and upon the affirmative vote of 2/3 of the members who vote on the proposal, a credit union organized under this act may convert, subject to this section and, if a holding company is to be formed in connection with the conversion, the regulations of the federal reserve board of governors or of the office of thrift supervision applicable to holding companies, into a mutual savings bank or mutual savings association.

(2) The board of directors, by an affirmative vote of 2/3 of the entire board, shall approve any plan of conversion under subsection (1) before submitting the plan to the commissioner for preliminary review. At least 30 days before voting on the plan, the board of directors shall give notice to the credit union's members that it is considering a conversion. The notice shall be mailed to the credit union's membership and shall not be included with other mailings sent to the credit union's membership. The notice shall include all of the following:

(a) A brief statement as to why the board is considering conversion.

(b) A brief statement of the major positive and negative effects of the proposed conversion.

(c) A request for members' written comments on the proposed conversion.

(3) The commissioner shall review the contents of and member comments on the conversion plan and grant preliminary approval before the credit union board presents the conversion plan to the members for a vote. The commissioner shall grant preliminary approval of the contents of the conversion plan only if the commissioner is satisfied of all of the following:

(a) 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.

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(b) The conversion would not be made to circumvent a pending supervisory action that is initiated by the commissioner or other regulatory agency because of a concern over the safety and soundness of the credit union.

(c) The conversion plan does not provide any official of the credit union with any remuneration or other economic benefit in connection with the conversion of the credit union.

(d) The converted organization is likely to be economically viable.

(4) Upon preliminary approval of the contents of the conversion plan by the commissioner, the credit union shall do both of the following:

(a) Call a special meeting of the members to vote on the conversion plan.

(b) Mail to each member notice of the proposed conversion 90 days, 60 days, and 30 days before the date of the special meeting. Each notice shall include all of the following:

(i) A statement of the positive and negative effects of the proposed conversion.

(ii) A statement whether the directors of the converted organization will receive compensation and that interested persons may obtain more detailed information from the credit union at its offices or by other methods having the prior approval of the commissioner.

(iii) A statement that the proposed plan of conversion may be substantively amended by the board of directors as a result of comments from regulatory authorities or otherwise before the meeting, and that the proposed plan may be terminated by the board of directors.

(iv) Directions for obtaining copies of the conversion plan.

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

(vi) Other information as required by the commissioner.

(5) The 30-day notice required under subsection (4)(b) shall include the date, time, and place of the special member meeting, a ballot and postage-paid return envelope and the methods permitted for casting votes.

(6) If the plan of conversion is substantively amended by the board of directors, at least 30 days before the vote of the members on the proposal the credit union shall provide members with notice containing the information required by subparagraphs (i) to (vi) of subsection (4)(b) that accurately describes the amended plan of conversion.

(7) In addition to accepting member votes at the special meeting and by mail, with the prior approval of the commissioner, a credit union may also accept member votes on the conversion by an alternative method that is reasonably calculated to ensure each member has an opportunity to vote. The credit union shall file with the commissioner all of the following:

(a) Certified copies of records of all proceedings held by the board of directors and members of the credit union.

(b) Copies of member comments submitted to the credit union under subsection (2)(c).

(c) A certified copy of consent or approval of the federal regulatory authority or the regulatory authority of the applicable state, territory, or protectorate of the United States if the consent or approval is required by the laws of the applicable jurisdiction.

(d) Evidence that the converted organization is eligible for federal insurance of deposits.

(8) If all of the conditions required by this section have been met and the commissioner determines that 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 shall become effective.

(9) Except as otherwise required by the commissioner, this section does not apply to a credit union that submitted to the commissioner a plan of conversion into a mutual savings bank or mutual savings association before the effective date of the amendatory act that added this section.

490.25b Conversion of credit union into bank, stock savings bank, or stock savings and loan association.

Sec. 25b. (1) With the approval of the commissioner and upon the affirmative vote of 2/3 of the members who vote on the proposal, a credit union organized under this act may convert, subject to this section, the regulations of the federal deposit insurance corporation regarding mutual-to-stock conversions, and, if a holding company is to be formed in connection with the conversion, the regulations of the federal reserve board of governors or of the office of thrift supervision applicable to holding companies, into a bank, stock savings bank, or stock savings and loan association.

(2) The board of directors, by an affirmative vote of 2/3 of the entire board, shall approve any plan of conversion under subsection (1) before submitting the plan to the commissioner for preliminary review. At least 30 days before voting on the plan, the board of directors shall give notice to the credit union's members that it is considering a conversion. The notice shall be mailed to the credit union's membership separate from any other mailing sent to the credit union's membership. The notice shall include all of the following:

(a) A brief statement as to why the board is considering conversion.

(b) A brief statement of the major positive and negative effects of the proposed conversion.

(c) A full and accurate description of the differences between a credit union and, as appropriate, a bank, savings bank, or savings and loan association.

(d) A request for member written comments on the proposed conversion.

(3) The conversion plan submitted to the commissioner shall include all of the following:

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

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

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

(d) A legal opinion that any proposed stock offering complies with state and federal law.

(e) Copies of notices to be provided to members under subsection (5)(b).

(4) The commissioner shall review the contents of and member comments on the conversion plan and grant preliminary approval before the credit union board presents the conversion plan to the members for a vote. The commissioner shall grant preliminary approval of the contents of the conversion plan only if the commissioner is satisfied of all of the following:

(a) The conversion plan discloses to the members information concerning the advantages and disadvantages of the proposed conversion, provides a full and accurate

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description of the differences between a credit union and a bank, and contains a statement indicating any material differences in powers.

(b) The conversion would not be made to circumvent a pending supervisory action that is initiated by the commissioner or other regulatory agency because of a concern over the safety and soundness of the credit union.

(c) The conversion plan does not provide any official of the credit union with any remuneration or other economic benefit in connection with the conversion of the credit union.

(d) The conversion plan does not permit the converting credit union to loan funds or otherwise extend credit to any person to purchase the capital stock of the association.

(e) The converted organization is likely to be economically viable.

(5) Upon preliminary approval of the contents of the conversion plan by the commissioner, the credit union shall do both of the following:

(a) Call a special meeting of the members to vote on the conversion plan.

(b) Mail to each member notice of the proposed conversion 90 days, 60 days, and 30 days before the date of the special meeting. Each notice shall include all of the following:

(i) A statement of the positive and negative effects of the proposed conversion.

(ii) A statement as to whether the conversion plan includes a distribution of a portion of the credit union's net worth to members. If the plan provides for a distribution, the notice shall describe the amount to be distributed, the form of the distribution, and requirements for member eligibility to receive a distribution.

(iii) A statement as to whether the directors of the converted organization will receive compensation and that interested persons may obtain more detailed information from the credit union at its offices or by other methods having the prior approval of the commissioner.

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

(v) A statement that savings and share account holders will continue to hold accounts in the converted organization identical as to dollar amount and general terms, and that their accounts will continue to be insured.

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

(vii) A statement that the proposed plan of conversion may be substantively amended by the board of directors as a result of comments from regulatory authorities or otherwise before the meeting, and that the proposed plan may also be terminated by the board of directors.

(viii) The directions for obtaining copies of the conversion plan.

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

(x) Any other information as required by the commissioner.

(6) The 30-day notice required under subsection (5)(b) shall include the date, time, and place of the special member meeting, a ballot and postage-paid return envelope and the methods permitted for casting votes.

(7) If the plan of conversion is substantively amended by the board of directors, at least 30 days before the vote of the members on the proposal, the credit union shall provide members with notice containing the information required by subparagraphs (i) to (ix) of subsection (5)(b) that accurately describes the amended plan of conversion.

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(8) In addition to accepting member votes at the special meeting and by mail, with the prior approval of the commissioner, a credit union may also accept member votes on the conversion by an alternative method that is reasonably calculated to ensure each member has an opportunity to vote. The credit union shall file with the commissioner all of the following:

(a) Certified copies of records of all proceedings held by the board of directors and members of the credit union.

(b) Copies of member comments submitted to the credit union under subsection (2)(d).

(c) A certified copy of consent or approval of the federal regulatory authority or the regulatory authority of the applicable state, territory, or protectorate of the United States if the consent or approval is required by the laws of the applicable jurisdiction.

(d) Evidence that the converted organization is eligible for federal insurance of deposits.

(8) If all the conditions required by this section have been met, and the commissioner determines that 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 shall become effective.

490.25c Disposition of credit union property upon conversion.

Sec. 25c. (1) Except as provided in subsection (2), if a conversion becomes effective under section 25, 25a, or 25b, all the property of the credit union, including all its right, title, and interest in and to all property of whatever kind, whether real, personal, or mixed and things in action, and every right, privilege, interest, and asset of any conceivable value or benefit then existing, belonging, or pertaining to it, or that would inure to it, shall immediately by act of law and without any conveyance or transfer, and without any further act or deed, be vested in and remain the property of the converted organization. The converted organization shall have, hold, and enjoy the property in its own right as fully and to the same extent as the property was possessed, held, and enjoyed before the conversion. The converted organization shall be considered to be a continuation of the same entity. All the rights, obligations, and relations of the credit union to or in respect to any person, estate, creditor, member, depositor, trust, trustee, collective bargaining agreement, or beneficiary of any trust or fiduciary function shall remain unimpaired. The converted organization shall continue to hold all the rights, obligations, relations, and trusts, and the duties and liabilities connected with them, and shall execute and perform each and every trust and relation in the same manner as if the credit union had not converted. The conversion shall not release the converted organization from its obligations to pay and discharge all the liabilities created by law or incurred by it before the conversion, or any tax imposed by the laws of this state up to the day of the conversion in proportion to the time which has elapsed since the last preceding tax payment, or any assessment, penalty, or forfeiture imposed or incurred under the laws of this state up to the date of the conversion.

(2) The commissioner may for good cause require a converting credit union within 1 year following conversion to divest itself of an asset that does not conform to the legal requirements relative to assets acquired and held by the converted organization.

(3) If the converting credit union was appointed in a fiduciary capacity by a court or governmental tribunal, agency, or officer, the converted organization shall file an affidavit with the appointing authority setting forth the fact of conversion, the name and address of the converted organization, and the amount of its capital and surplus. The converted organization acting as a fiduciary by appointment of a court is subject to removal by a court of competent jurisdiction.

490.26 Conversion to credit union organized under act.

Sec. 26. (1) With the approval of the commissioner and compliance with the applicable law under which it is chartered, a credit union chartered under the laws of the United States or any other state, the District of Columbia, territory, or protectorate of the United States and meeting all the requirements to become a credit union under this act may convert to a credit union organized under this act. The required certificate of organization shall be executed in triplicate by a majority of the board of directors of the converting credit union and presented to the commissioner for appropriate examination and approval. After executing the certificate of organization, a majority of the directors shall execute all other papers, including the adoption of bylaws for the general government of the credit union consistent with this act, and to do whatever is required to complete its conversion. The directors of the converting credit union may continue to be directors of the credit union.

(2) If the commissioner approves the certificate of organization as presented by the board of directors, the commissioner shall notify the applicants of the commissioner's decision and shall immediately issue a certificate of approval attached to the duplicate certificate of organization and return it to the credit union. The certificate shall indicate that the laws of this state have been complied with and the credit union and all its members, officers, and employees shall have the same rights, powers, and privileges and be subject to the same duties, liabilities, and obligations in all respects as shall be applicable to credit unions originally organized under this act.

(3) The approval of a conversion under this section by the commissioner shall be based on an examination of the credit union and the proceedings had by its directors and members with respect to the conversion. A conversion shall not defeat or defraud any of the creditors of the credit union. The expenses of the examination shall be paid by the credit union in an amount established and published by the commissioner. The amount paid for the examination is not refundable. Upon approval of the conversion, the credit union shall pay an operating fee, determined under section 6, on a prorated basis for the operating fee period in which the conversion becomes effective. The date that the conversion becomes effective shall be the basis for the proration.

(4) If the conversion becomes effective, all the property of the converted credit union, including its right, title, and interest in and to all property of whatever kind, whether real, personal, or mixed, and things in action, and every right, privilege, interest, and asset of any conceivable value or benefit then existing, belonging, or pertaining to it, or that would inure to it, shall immediately by act of law and without any conveyance or transfer and without any further acts or deeds, be vested in and remain the property of the converted credit union. The converted credit union shall have, hold, and enjoy the property in its own right as fully and to the same extent as the property was previously possessed, held, and enjoyed by it. The converted credit union shall be considered to be a continuation of the same entity. All the rights, obligations, and relations of the credit union to or in respect to any person, estate, creditor, depositor, member, trustee, or beneficiary of any trust, or fiduciary function, shall remain unimpaired. The credit union shall continue to hold all rights, obligations, relations, and trusts and the duties and liabilities connected with them, and shall execute and perform each and every trust and relation in the same manner as if it had after the conversion assumed the trust or relation and obligations and liabilities connected with the trust or relation.

This act is ordered to take immediate effect.

Approved July 27, 2001.

Filed with Secretary of State July 30, 2001.
