

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 464**

A bill 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:

1 TITLE

2 An act to provide for the organization, operation, and
3 supervision of credit unions; to provide for the conversion of a
4 state credit union into a federal credit union or a credit union
5 organized and supervised under the laws of any other state or
6 territory of the United States OR ANY OTHER FEDERALLY INSURED
7 DEPOSITORY INSTITUTION and for the conversion of a federal credit
8 union or a credit union organized and supervised under the laws
9 of any other state or territory of the United States OR ANY OTHER
10 FEDERALLY INSURED DEPOSITORY INSTITUTION into a state credit
11 union; and to provide for the merger of credit unions organized
12 and supervised under the laws of this state, credit unions orga-
13 nized and supervised under the laws of any other state or terri-
14 tory of the United States, and federal credit unions.

15 Sec. 1a. As used in this act:

16 ~~(a) "Commissioner" means the commissioner of the financial~~
17 ~~institutions bureau in the department of commerce.~~

18 ~~(b) "Credit union" means a cooperative, nonprofit associa-~~
19 ~~tion, incorporated under this act for the purposes of encouraging~~
20 ~~thrift among its members, creating a source of credit at rates of~~
21 ~~interest not greater than the rates of interest permitted by the~~
22 ~~credit reform act, and providing an opportunity for its members~~
23 ~~to use and control their own money on a democratic basis in order~~
24 ~~to improve their economic and social condition. In provisions of~~
25 ~~this act governing the relationship of a credit union to 1 or~~
26 ~~more other credit unions, the term "credit union" includes a~~

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1 ~~credit union incorporated under this act, under the laws of~~
2 ~~another state or territory of the United States, or under the~~
3 ~~laws of the United States.~~

4 ~~(c) "League" means a trade association of credit unions.~~

5 ~~(d) "Home office" means a place of business where all the~~
6 ~~business of a credit union may be transacted.~~

7 ~~(e) "Service center" means a place of business other than~~
8 ~~the home office of a credit union where business of the credit~~
9 ~~union authorized by the board of directors may be transacted,~~
10 ~~except the keeping of the principal books and records required~~
11 ~~for examination purposes.~~

12 ~~(f) "Debt management" means the planning and management of~~
13 ~~the financial affairs of a debtor and the receiving of money or~~
14 ~~evidences of money from the debtor for distribution to the~~
15 ~~debtor's creditors and debt prorating organizations in payment or~~
16 ~~partial payment of the debtor's obligations.~~

17 ~~(g) "Corporate central credit union" means a credit union~~
18 ~~whose field of membership consists primarily of other credit~~
19 ~~unions including credit unions chartered by this state, by~~
20 ~~another state or territory of the United States, or by the United~~
21 ~~States.~~

22 ~~(h) "Officer" means the chairperson of the board,~~
23 ~~vice-chairperson of the board, secretary, treasurer, general man-~~
24 ~~ager, any individual given the title of "president" or "vice~~
25 ~~president", an assistant treasurer, an assistant secretary, or~~
26 ~~any other person specifically designated as an officer by the~~
27 ~~board of directors.~~

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1 ~~(i) "Official" means a member of the board of directors, an~~
2 ~~officer, a member of the credit committee, if any, or a member of~~
3 ~~the supervisory committee, if any.~~

4 (A) "BANK" MEANS A BANK THAT IS ORGANIZED UNDER THE LAWS OF
5 THIS STATE, ANY OTHER STATE, THE DISTRICT OF COLUMBIA, OR A TER-
6 RITORY OR PROTECTORATE OF THE UNITED STATES, OR A NATIONAL BANK-
7 ING ASSOCIATION CHARTERED BY THE FEDERAL GOVERNMENT UNDER THE
8 NATIONAL BANK ACT, CHAPTER 106, 13 STAT. 99, AND WHOSE DEPOSITS
9 ARE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.

10 (B) "COMMISSIONER" MEANS THE COMMISSIONER OF THE OFFICE OF
11 FINANCIAL AND INSURANCE SERVICES IN THE DEPARTMENT OF CONSUMER
12 AND INDUSTRY SERVICES.

13 (C) "CORPORATE CENTRAL CREDIT UNION" MEANS A CREDIT UNION
14 WHOSE FIELD OF MEMBERSHIP CONSISTS PRIMARILY OF OTHER CREDIT
15 UNIONS INCLUDING CREDIT UNIONS CHARTERED BY THIS STATE, BY
16 ANOTHER STATE OR TERRITORY OF THE UNITED STATES, OR BY THE UNITED
17 STATES.

18 (D) "CREDIT UNION" MEANS A COOPERATIVE, NONPROFIT ASSOCIA-
19 TION, INCORPORATED UNDER THIS ACT FOR THE PURPOSES OF ENCOURAGING
20 THRIFT AMONG ITS MEMBERS, CREATING A SOURCE OF CREDIT AT RATES OF
21 INTEREST NOT GREATER THAN THE RATES OF INTEREST PERMITTED BY THE
22 CREDIT REFORM ACT, 1995 PA 162, MCL 445.1851 TO 445.1864, AND
23 PROVIDING AN OPPORTUNITY FOR ITS MEMBERS TO USE AND CONTROL THEIR
24 OWN MONEY ON A DEMOCRATIC BASIS IN ORDER TO IMPROVE THEIR ECO-
25 NOMIC AND SOCIAL CONDITION. IN PROVISIONS OF THIS ACT GOVERNING
26 THE RELATIONSHIP OF A CREDIT UNION TO 1 OR MORE OTHER CREDIT
27 UNIONS, THE TERM "CREDIT UNION" INCLUDES A CREDIT UNION

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1 INCORPORATED UNDER THIS ACT, UNDER THE LAWS OF ANOTHER STATE OR
2 TERRITORY OF THE UNITED STATES, OR UNDER THE LAWS OF THE UNITED
3 STATES.

4 (E) "DEBT MANAGEMENT" MEANS THE PLANNING AND MANAGEMENT OF
5 THE FINANCIAL AFFAIRS OF A DEBTOR AND THE RECEIVING OF MONEY OR
6 EVIDENCES OF MONEY FROM THE DEBTOR FOR DISTRIBUTION TO THE
7 DEBTOR'S CREDITORS AND DEBT PRORATING ORGANIZATIONS IN PAYMENT OR
8 PARTIAL PAYMENT OF THE DEBTOR'S OBLIGATIONS.

9 (F) "ELIGIBILITY RECORD DATE" MEANS THE RECORD DATE, NOT
10 LESS THAN 1 YEAR BEFORE THE ADOPTION OF A PLAN OF CONVERSION BY A
11 CREDIT UNION'S BOARD OF DIRECTORS, SET FORTH IN THE PLAN OF CON-
12 VERSION FOR DETERMINING ELIGIBLE MEMBERS OF A CONVERTING CREDIT
13 UNION.

14 (G) "FEDERALLY INSURED DEPOSITORY INSTITUTION" MEANS A STATE
15 OR NATIONAL BANK, STATE OR FEDERAL SAVINGS AND LOAN ASSOCIATION,
16 STATE OR FEDERAL SAVINGS BANK, OR STATE OR FEDERAL CREDIT UNION
17 WHOSE DEPOSITS ARE INSURED BY AN AGENCY OF THE FEDERAL GOVERNMENT
18 AND WHICH IS ORGANIZED UNDER THE LAWS OF THIS STATE, ANOTHER
19 STATE, THE DISTRICT OF COLUMBIA, THE UNITED STATES, OR A TERRI-
20 TORY OR PROTECTORATE OF THE UNITED STATES.

21 (H) "HOME OFFICE" MEANS A PLACE OF BUSINESS WHERE ALL THE
22 BUSINESS OF A CREDIT UNION MAY BE TRANSACTED.

23 (I) "LEAGUE" MEANS A TRADE ASSOCIATION OF CREDIT UNIONS.

24 (J) "MUTUAL SAVINGS AND LOAN ASSOCIATION" MEANS A SAVINGS
25 AND LOAN ASSOCIATION FOR WHICH THE ARTICLES OF INCORPORATION DO
26 NOT AUTHORIZE THE ISSUANCE OF COMMON OR PREFERRED STOCK.

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1 (K) "MUTUAL SAVINGS BANK" MEANS A SAVINGS BANK FOR WHICH THE
2 ARTICLES OF INCORPORATION DO NOT AUTHORIZE THE ISSUANCE OF COMMON
3 OR PREFERRED STOCK.

4 (L) "OFFICER" MEANS THE CHAIRPERSON OF THE BOARD,
5 VICE-CHAIRPERSON OF THE BOARD, SECRETARY, TREASURER, GENERAL MAN-
6 AGER, ANY INDIVIDUAL GIVEN THE TITLE OF "PRESIDENT" OR "VICE
7 PRESIDENT", AN ASSISTANT TREASURER, AN ASSISTANT SECRETARY, OR
8 ANY OTHER PERSON SPECIFICALLY DESIGNATED AS AN OFFICER BY THE
9 BOARD OF DIRECTORS.

10 (M) "OFFICIAL" MEANS A MEMBER OF THE BOARD OF DIRECTORS, AN
11 OFFICER, A MEMBER OF THE CREDIT COMMITTEE, IF ANY, OR A MEMBER OF
12 THE SUPERVISORY COMMITTEE, IF ANY.

13 (N) "SAVINGS AND LOAN ASSOCIATION" MEANS A SAVINGS ASSOCIA-
14 TION ORGANIZED UNDER THE LAWS OF THIS STATE, A SAVINGS AND LOAN
15 ASSOCIATION, BUILDING AND LOAN ASSOCIATION, OR HOMESTEAD ASSOCIA-
16 TION THAT IS ORGANIZED UNDER THE LAWS OF ANY OTHER STATE, THE
17 DISTRICT OF COLUMBIA, OR A TERRITORY OR PROTECTORATE OF THE
18 UNITED STATES, OR A FEDERAL SAVINGS ASSOCIATION ORGANIZED UNDER
19 SECTION 5 OF THE HOME OWNERS' LOAN ACT, CHAPTER 64, 48 STAT. 132,
20 12 U.S.C. 1464, AND WHOSE DEPOSITS ARE INSURED BY THE FEDERAL
21 DEPOSIT INSURANCE CORPORATION.

22 (O) "SAVINGS BANK" MEANS A SAVINGS BANK ORGANIZED UNDER THE
23 LAWS OF THIS STATE, ANY OTHER STATE, THE DISTRICT OF COLUMBIA, A
24 TERRITORY OR PROTECTORATE OF THE UNITED STATES, OR OF THE UNITED
25 STATES, AND WHOSE DEPOSITS ARE INSURED BY THE FEDERAL DEPOSIT
26 INSURANCE CORPORATION.

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1 (P) "SERVICE CENTER" MEANS A PLACE OF BUSINESS OTHER THAN
2 THE HOME OFFICE OF A CREDIT UNION WHERE BUSINESS OF THE CREDIT
3 UNION AUTHORIZED BY THE BOARD OF DIRECTORS MAY BE TRANSACTED,
4 EXCEPT THE KEEPING OF THE PRINCIPAL BOOKS AND RECORDS REQUIRED
5 FOR EXAMINATION PURPOSES.

6 (Q) "STOCK SAVINGS AND LOAN ASSOCIATION" MEANS A SAVINGS AND
7 LOAN ASSOCIATION FOR WHICH THE ARTICLES OF INCORPORATION AUTHO-
8 RIZE THE ISSUANCE OF CAPITAL STOCK.

9 (R) "STOCK SAVINGS BANK" MEANS A SAVINGS BANK FOR WHICH THE
10 ARTICLES OF INCORPORATION AUTHORIZE THE ISSUANCE OF CAPITAL
11 STOCK.

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

22 (2) The commissioner shall charge annually an operating fee
23 to each credit union. The operating fee shall be sufficient to
24 defray the estimated expenses to be incurred by the ~~financial~~
25 ~~institutions bureau~~ OFFICE OF FINANCIAL AND INSURANCE SERVICES
26 in performing all credit union examinations and the supervision
27 of credit unions. Each credit union shall be invoiced by the

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1 commissioner for the operating fee before July 1 of each year and
2 shall pay the operating fee indicated on the invoice before
3 July 16 of each year. The operating fee shall be computed on the
4 total assets of the credit union as of December 31 of the previ-
5 ous year as shown on the statement of condition of the credit
6 union filed with the ~~financial institutions bureau pursuant to~~
7 COMMISSIONER UNDER subsection (1). The operating fee shall be
8 the greater of \$250.00 or a fee computed by adding all of the
9 following:

10 (a) A base fee as determined by the commissioner of not less
11 than \$1.75 or more than \$3.50 per \$1,000.00 of assets up to
12 \$500,000.00.

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

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

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

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

21 (3) The commissioner shall not require a credit union to pay
22 an operating fee more often than annually. A corporate central
23 credit union shall pay an operating fee in the same manner as
24 other credit unions but the fee shall not exceed \$50,000.00
25 annually. If the commissioner fails to transmit an examination
26 report to a credit union during the preceding calendar year, the
27 credit union shall receive an operating fee credit of not less

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1 than 30% or more than 70% against its next annual operating fee.
2 The credit percentage shall be determined annually by the commis-
3 sioner and applied equally to all credit unions receiving a
4 credit.

5 (4) All funds received by the commissioner from the federal
6 government for the purpose of reimbursing the ~~financial institu-~~
7 ~~tions bureau~~ OFFICE OF FINANCIAL AND INSURANCE SERVICES for the
8 costs of credit union examinations and supervision services shall
9 be paid into the state treasury to the credit of the ~~financial~~
10 ~~institutions bureau~~ OFFICE OF FINANCIAL AND INSURANCE SERVICES.
11 The funds received under this subsection shall be used only for
12 costs relating to the examination and supervision of state
13 chartered credit unions.

14 (5) For failure to file reports when due, unless excused for
15 cause by the commissioner, the credit union shall pay \$25.00 for
16 each day of its delinquency. If the report is not filed within
17 15 days, the commissioner may revoke the credit union's certifi-
18 cate of approval and take possession of the business and property
19 of the credit union and maintain possession until the commis-
20 sioner permits it to continue business or its affairs are finally
21 liquidated.

22 (6) If the commissioner determines that the credit union is
23 insolvent or is in an unsound or unsafe condition, the commis-
24 sioner may serve notice on the credit union of his or her inten-
25 tion to revoke the certificate of approval. If for a period of
26 15 days after the notice the violation or unsound or unsafe
27 condition continues, the commissioner may revoke the certificate

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1 and take possession of the business and property of the credit
2 union and maintain possession until the commissioner permits it
3 to continue business or its affairs are finally liquidated
4 ~~pursuant to~~ UNDER section 20(2).

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

9 (8) Except as provided in subsection (4), all fees required
10 by this act shall be paid into the state treasury to the credit
11 of the ~~financial institutions bureau~~ OFFICE OF FINANCIAL AND
12 INSURANCE SERVICES and the money in this account shall be used
13 only for the operation of the ~~financial institutions bureau~~
14 OFFICE OF FINANCIAL AND INSURANCE SERVICES.

15 Sec. 6c. (1) If a credit union refuses to pay its shares,
16 deposits, or other obligations in accordance with the terms under
17 which the shares, deposits, or other obligations were incurred,
18 ~~or~~ becomes insolvent, ~~or~~ refuses to submit its books,
19 papers, and records for examination by the commissioner, ~~or~~ or
20 if the commissioner determines that the credit union is in an
21 unsafe or unsound condition, the commissioner may appoint a con-
22 servator as provided in subsection (2). If a credit union is
23 found to be insolvent, ~~nothing in this section shall~~ THIS SEC-
24 TION DOES NOT preclude the commissioner from pursuing measures
25 provided for under section 20(2). A credit union ~~shall be~~ IS
26 considered insolvent when the total of share capital and deposit
27 accounts is more than the value of the assets of the credit union

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1 as determined by an appraisal of assets made by the commissioner
2 or other person authorized or directed by the commissioner to
3 make such an appraisal.

4 (2) If any of the grounds set forth in subsection (1) autho-
5 rizing the appointment of a conservator exist or if the commis-
6 sioner considers it necessary in order to conserve the assets of
7 ~~any~~ A credit union for the benefit of shareholders, depositors,
8 and other creditors, the commissioner may appoint a conservator
9 for the credit union and require of the conservator ~~such~~ A bond
10 and security as the commissioner considers proper. The commis-
11 sioner may appoint as conservator 1 of the examiners of the
12 ~~bureau~~ OFFICE OF FINANCIAL AND INSURANCE SERVICES or some other
13 competent and disinterested person. The ~~bureau~~ OFFICE OF
14 FINANCIAL AND INSURANCE SERVICES shall be reimbursed out of the
15 assets of the conservatorship for all sums expended by it in con-
16 nection with the conservatorship as expenses or otherwise.
17 Amounts reimbursed shall be paid into the revolving fund provided
18 for in subsection (9). A conservator upon appointment under this
19 subsection shall become an employee of the ~~bureau~~ OFFICE OF
20 FINANCIAL AND INSURANCE SERVICES. All expenses of a conservator-
21 ship shall be paid out of the assets of the credit union, upon
22 the approval of the commissioner. The expenses shall be a first
23 charge upon the assets of the credit union and shall be fully
24 paid before any final distribution or payment of dividends is
25 made to creditors or shareholders.

26 (3) The conservator, under the direction of the
27 commissioner, shall take possession of the books, records, and

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1 assets of the credit union, and ~~shall~~ take such action as may
2 be necessary to conserve the assets of the credit union pending
3 further disposition of its business as provided by law. The con-
4 servator may execute the discharge of any real estate mortgage
5 held as part of the assets of the credit union.

6 (4) The commissioner may require the conservator to set
7 aside and make available for withdrawal by shareholders and
8 depositors, and for payment to other creditors, on a ratable
9 basis, ~~such~~ amounts as in the opinion of the commissioner may
10 be used safely for these purposes. The commissioner may permit
11 the conservator to receive shares and deposits. Shares and
12 deposits received while the credit union is in the hands of the
13 conservator shall not be subject to any limitation as to payment
14 or withdrawal. Except as provided in subsection (7), ~~such~~
15 shares and deposits and any new assets acquired on account of the
16 deposits shall be segregated and ~~shall be~~ held especially for
17 the new shares and deposits and ~~shall~~ not ~~be~~ used to liqui-
18 date any indebtedness of the credit union existing at the time
19 that a conservator was appointed or any subsequent indebtedness
20 incurred for the purpose of liquidating any indebtedness of the
21 credit union existing at the time the conservator was appointed.
22 Shares and deposits received while the credit union is in the
23 hands of the conservator shall be kept on hand in cash, invested
24 in direct obligations of the United States, or deposited in banks
25 or other credit unions as designated by the commissioner.

26 (5) With the prior approval of the commissioner, the
27 conservator of a credit union may borrow money as necessary or

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1 expedient in aiding the operation, reorganization, or liquidation
2 of the credit union, including the payment of liquidating divi-
3 dends, and may secure the borrowings by the pledge, hypotheca-
4 tion, or mortgage of the assets of the credit union.

5 (6) If the commissioner is satisfied that termination of the
6 conservatorship may be done safely and would be in the public
7 interest, the commissioner may terminate the conservatorship and
8 permit the credit union to resume the transaction of its business
9 subject to ~~such~~ THE terms, conditions, and limitations as
10 PRESCRIBED BY the commissioner. ~~may prescribe.~~

11 (7) Beginning 15 days after the date on which the affairs of
12 a credit union are returned to its board of directors by the con-
13 servator, either with or without being reorganized, the provi-
14 sions of subsection (4) with respect to the segregation of shares
15 and deposits received by the credit union while in the hands of
16 the conservator and with respect to prohibiting the use of those
17 shares and deposits to liquidate the indebtedness of the credit
18 union shall no longer apply. Before the conservator returns the
19 affairs of the credit union to its board of directors, the con-
20 servator shall publish in a newspaper of general circulation in
21 the county in which the principal place of business of the credit
22 union is located a notice, in a form approved by the commission-
23 er, stating the date on which the affairs of the credit union
24 will be returned to its board of directors and that the
25 ~~provisions of subsection (4) providing~~ REQUIREMENT for segrega-
26 tion of shares and deposits received by the credit union while in
27 the hands of the conservator and prohibiting the use of those

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1 shares and deposits to liquidate the indebtedness of the credit
2 union will not apply beginning 15 days after ~~that date~~ THE DATE
3 THAT THE AFFAIRS OF THE CREDIT UNION ARE RETURNED TO THE BOARD OF
4 DIRECTORS. On the date of the publication of the notice, the
5 conservator shall send to each person who deposited money in the
6 credit union after the appointment of the conservator a copy of
7 the notice by mail, postage prepaid, addressed to the last known
8 address of the person as shown by the records of the credit
9 union. The conservator shall give similar notice to each person
10 making a deposit in the credit union under subsection (4) after
11 the date of the newspaper publication and before the time that
12 the affairs of the credit union are returned to its directors.

13 (8) The commissioner may permit a credit union in conserva-
14 torship to reorganize its affairs and continue in business when
15 the commissioner is satisfied that the plan for reorganization is
16 fair and equitable as to all shareholders, depositors, and other
17 creditors and is in the public interest, and has approved the
18 plan subject to ~~such~~ THE terms, conditions, and limitations as
19 PRESCRIBED BY the commissioner. ~~may prescribe.~~

20 (9) All compensation and expenses required to be reimbursed
21 to the ~~bureau~~ OFFICE OF FINANCIAL AND INSURANCE SERVICES in
22 connection with a conservatorship and all expenses for state
23 supervision of conservatorships under this act shall be deposited
24 in the state treasury and shall be credited to ~~a financial~~
25 ~~institutions bureau~~ AN OFFICE OF FINANCIAL AND INSURANCE
26 SERVICES revolving fund. Money in the fund and any interest
27 earned ~~thereon~~ shall only be disbursed on proper vouchers

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1 approved by the commissioner to reimburse the ~~bureau~~ OFFICE OF
2 FINANCIAL AND INSURANCE SERVICES for expenses incurred by the
3 ~~bureau~~ OFFICE OF FINANCIAL AND INSURANCE SERVICES in connection
4 with conservators of credit unions.

5 (10) The commissioner may promulgate rules as the commis-
6 sioner considers necessary in order to carry out ~~the provisions~~
7 ~~of~~ this section.

8 Sec. 25. (1) With the approval of the commissioner and upon
9 the affirmative vote of 2/3 of the members who vote on the pro-
10 posal, a credit union organized under this act may convert,
11 subject to this section, into a credit union chartered under the
12 laws of the United States or any other state, ~~or~~ THE DISTRICT
13 OF COLUMBIA, territory, OR PROTECTORATE of the United States.

14 (2) The board of directors, by ~~a majority vote~~ AN AFFIRMA-
15 TIVE VOTE OF 2/3 of the entire board, shall approve any
16 ~~conversion plan prior to the plan being submitted to the commis-~~
17 ~~sioner for approval in accordance with this subsection. Before~~
18 ~~voting to approve~~ PLAN OF CONVERSION UNDER SUBSECTION (1) BEFORE
19 SUBMITTING THE PLAN TO THE COMMISSIONER FOR PRELIMINARY REVIEW.
20 AT LEAST 30 DAYS BEFORE VOTING ON the plan, the board of direc-
21 tors shall give ~~30 days' prior~~ notice to the credit union's
22 members that it is considering a conversion. The notice shall be
23 mailed to the credit union's membership and ~~may~~ SHALL NOT be
24 included ~~as part of any~~ WITH ANY OTHER mailing sent to the
25 credit union's membership. The notice shall include ~~a~~ ALL OF
26 THE FOLLOWING:

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1 (A) A brief statement as to why the board is considering the
2 ~~matter and a~~ CONVERSION.

3 (B) A brief statement of the major positive and negative
4 effects of the proposed conversion. ~~The notice shall also state~~
5 ~~that prior to the submission of the conversion plan to the mem-~~
6 ~~bers, the board is soliciting the comments of the membership in~~
7 ~~writing and that such comments may also be sent to the~~
8 ~~commissioner. Prior to approval of the contents of the conver-~~
9 ~~sion plan, the commissioner shall consider those comments submit-~~
10 ~~ted to the board or to the commissioner.~~

11 (C) A REQUEST FOR MEMBERS' WRITTEN COMMENTS ON THE PROPOSED
12 CONVERSION.

13 (3) The commissioner shall ~~approve~~ REVIEW THE CONTENTS OF
14 THE PLAN AND MEMBER COMMENTS ON THE CONVERSION PLAN AND GRANT
15 PRELIMINARY APPROVAL OF the contents of the conversion plan
16 before the credit union BOARD presents the conversion plan to the
17 members for a vote. The commissioner shall ~~approve~~ GRANT PRE-
18 LIMINARY APPROVAL OF the contents of the conversion plan only if
19 the commissioner is satisfied of ~~both~~ ALL of the following:

20 (a) The conversion plan discloses to the members information
21 concerning the advantages and disadvantages of the proposed con-
22 version and contains a statement indicating any material differ-
23 ences in powers.

24 (b) The conversion ~~would be made for sound economic reasons~~
25 ~~and~~ would not be made to circumvent a pending supervisory action
26 that is initiated by the commissioner OR OTHER REGULATORY AGENCY

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1 because of a concern over the safety and soundness of the credit
2 union.

3 (C) THE CONVERTED ORGANIZATION IS LIKELY TO BE ECONOMICALLY
4 VIABLE.

5 (4) ~~(2)~~ Upon PRELIMINARY approval of the contents of the
6 conversion plan by the commissioner, the credit union shall call
7 a special meeting of the members to provide information on the
8 conversion plan. At least 14 days ~~prior to~~ BEFORE the meeting,
9 THE CREDIT UNION SHALL MAIL TO EACH MEMBER a notice of the meet-
10 ing ~~, a copy of the conversion plan,~~ and a ballot with postage
11 paid return envelope. ~~shall be mailed to all members. After the~~
12 ~~special meeting is held, the members shall be given until a spec-~~
13 ~~ified date, which shall be at least 15 days after the meeting, to~~
14 ~~return their ballots. The votes cast by members shall be counted~~
15 ~~upon the expiration of the time given to the members to return~~
16 ~~their ballots. Certified copies of all proceedings held by the~~
17 ~~board of directors and members of the credit union shall be filed~~
18 ~~with the commissioner. In addition, the credit union shall fur-~~
19 ~~nish a certified copy of consent or approval of the national~~
20 ~~credit union administration or the regulatory authority of the~~
21 ~~applicable state or territory of the United States if the consent~~
22 ~~or approval is required by the laws of the United States or by~~
23 ~~the laws of the applicable state or territory of the United~~
24 ~~States. If a credit union converting into a credit union orga-~~
25 ~~nized under the laws of another state or territory of the United~~
26 ~~States intends to maintain an office in this state, it must~~
27 ~~comply with section 4h. If all of the conditions required by~~

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1 ~~this section have been met, the commissioner shall approve the~~
2 ~~conversion and the conversion shall become effective. Two copies~~
3 ~~of the proceedings shall be filed in the office of the~~
4 ~~commissioner.~~ THE NOTICE SHALL STATE THE DATE, AT LEAST 15 DAYS
5 FOLLOWING THE MEETING, BY WHICH THE BALLOT SHALL BE RETURNED AND
6 THE METHODS PERMITTED FOR CASTING VOTES, DESCRIBE BRIEFLY THE
7 REASONS FOR AND THE MAJOR POSITIVE AND NEGATIVE EFFECTS OF THE
8 CONVERSION, AND STATE HOW MEMBERS MAY OBTAIN COPIES OF THE CON-
9 VERSION PLAN.

10 ~~(3) If the conversion becomes effective, all the property~~
11 ~~of the credit union, including all its right, title, and interest~~
12 ~~in and to all property of whatever kind, whether real, personal,~~
13 ~~or mixed and things in action, and every right, privilege, inter-~~
14 ~~est, and asset of any conceivable value or benefit then existing,~~
15 ~~belonging, or pertaining to it, or that would inure to it, shall~~
16 ~~immediately by act of law and without any conveyance or transfer,~~
17 ~~and without any further act or deed, be vested in and remain the~~
18 ~~property of the converted credit union. The converted credit~~
19 ~~union shall have, hold, and enjoy the property in its own right~~
20 ~~as fully and to the same extent as the property was possessed,~~
21 ~~held, and enjoyed prior to the conversion. The converted credit~~
22 ~~union shall be considered to be a continuation of the same~~
23 ~~entity. All the rights, obligations, and relations of the credit~~
24 ~~union to or in respect to any person, estate, creditor, member,~~
25 ~~depositor, trust, trustee, or beneficiary of any trust or fidu-~~
26 ~~ciary function shall remain unimpaired. The credit union shall~~
27 ~~continue to hold all the rights, obligations, relations, and~~

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~~1 trusts, and the duties and liabilities connected with them, and
2 shall execute and perform each and every trust and relation in
3 the same manner as if the credit union had not converted. The
4 conversion shall not release the credit union from its obliga=
5 tions to pay and discharge all the liabilities created by law or
6 incurred by it before the conversion, or any tax imposed by the
7 laws of this state up to the day of the conversion in proportion
8 to the time which has elapsed since the last preceding tax pay=
9 ment, or any assessment, penalty, or forfeiture imposed or
10 incurred under the laws of this state up to the date of the
11 conversion.~~

12 (5) IN ADDITION TO ACCEPTING MEMBER VOTES AT THE SPECIAL
13 MEETING [AND BY MAIL, WITH THE PRIOR APPROVAL OF THE COMMISSIONER, A
14 CREDIT UNION MAY ALSO ACCEPT MEMBER VOTES ON THE CONVERSION BY AN
15 ALTERNATIVE METHOD THAT IS REASONABLY CALCULATED TO ENSURE EACH
16 MEMBER HAS AN OPPORTUNITY TO VOTE.] THE VOTES CAST BY MEMBERS
17 SHALL BE COUNTED UPON THE EXPIRATION OF THE TIME GIVEN TO THE
18 MEMBERS TO RETURN THEIR BALLOTS. COPIES OF MEMBER COMMENTS SUB-
19 MITTED TO THE CREDIT UNION UNDER SUBSECTION (2)(C) AND CERTIFIED
20 COPIES OF RECORDS OF ALL PROCEEDINGS HELD BY THE BOARD OF DIREC-
21 TORS AND MEMBERS OF THE CREDIT UNION SHALL BE FILED WITH THE
22 COMMISSIONER. IN ADDITION, THE CREDIT UNION SHALL FURNISH A CER-
23 TIFIED COPY OF CONSENT OR APPROVAL OF THE FEDERAL REGULATORY
24 AUTHORITY OR THE REGULATORY AUTHORITY OF THE APPLICABLE STATE,
25 TERRITORY, OR PROTECTORATE OF THE UNITED STATES IF THE CONSENT OR
26 APPROVAL IS REQUIRED BY THE LAWS OF THE APPLICABLE JURISDICTION.
27 IF A CREDIT UNION CONVERTING INTO A CREDIT UNION ORGANIZED UNDER
THE LAWS OF ANOTHER STATE, TERRITORY, OR PROTECTORATE OF THE

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1 UNITED STATES INTENDS TO MAINTAIN AN OFFICE IN THIS STATE, IT
2 MUST COMPLY WITH SECTION 4H.

3 (6) IF ALL OF THE CONDITIONS REQUIRED BY THIS SECTION HAVE
4 BEEN MET, AND THE COMMISSIONER DETERMINES THAT NOTICES TO MEMBERS
5 WERE ACCURATE, TIMELY, AND NOT MISLEADING, AND THAT CONDUCT OF
6 THE VOTE ON THE CONVERSION PLAN WAS FAIR AND LAWFUL, THE COMMIS-
7 SIONER SHALL APPROVE THE CONVERSION AND THE CONVERSION SHALL
8 BECOME EFFECTIVE.

9 SEC. 25A. (1) WITH THE APPROVAL OF THE COMMISSIONER AND
10 UPON THE AFFIRMATIVE VOTE OF 2/3 OF THE MEMBERS WHO VOTE ON THE
11 PROPOSAL, A CREDIT UNION ORGANIZED UNDER THIS ACT MAY CONVERT,
12 SUBJECT TO THIS SECTION AND, IF A HOLDING COMPANY IS TO BE FORMED
13 IN CONNECTION WITH THE CONVERSION, THE REGULATIONS OF THE FEDERAL
14 RESERVE BOARD OF GOVERNORS OR OF THE OFFICE OF THRIFT SUPERVISION
15 APPLICABLE TO HOLDING COMPANIES, INTO A MUTUAL SAVINGS BANK OR
16 MUTUAL SAVINGS ASSOCIATION.

17 (2) THE BOARD OF DIRECTORS, BY AN AFFIRMATIVE VOTE OF 2/3 OF
18 THE ENTIRE BOARD, SHALL APPROVE ANY PLAN OF CONVERSION UNDER
19 SUBSECTION (1) BEFORE SUBMITTING THE PLAN TO THE COMMISSIONER FOR
20 PRELIMINARY REVIEW. AT LEAST 30 DAYS BEFORE VOTING ON THE PLAN,
21 THE BOARD OF DIRECTORS SHALL GIVE NOTICE TO THE CREDIT UNION'S
22 MEMBERS THAT IT IS CONSIDERING A CONVERSION. THE NOTICE SHALL BE
23 MAILED TO THE CREDIT UNION'S MEMBERSHIP AND SHALL NOT BE INCLUDED
24 WITH OTHER MAILINGS SENT TO THE CREDIT UNION'S MEMBERSHIP. THE
25 NOTICE SHALL INCLUDE ALL OF THE FOLLOWING:

26 (A) A BRIEF STATEMENT AS TO WHY THE BOARD IS CONSIDERING
27 CONVERSION.

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1 (B) A BRIEF STATEMENT OF THE MAJOR POSITIVE AND NEGATIVE
2 EFFECTS OF THE PROPOSED CONVERSION.

3 (C) A REQUEST FOR MEMBERS' WRITTEN COMMENTS ON THE PROPOSED
4 CONVERSION.

5 (3) THE COMMISSIONER SHALL REVIEW THE CONTENTS OF AND MEMBER
6 COMMENTS ON THE CONVERSION PLAN AND GRANT PRELIMINARY APPROVAL
7 BEFORE THE CREDIT UNION BOARD PRESENTS THE CONVERSION PLAN TO THE
8 MEMBERS FOR A VOTE. THE COMMISSIONER SHALL GRANT PRELIMINARY
9 APPROVAL OF THE CONTENTS OF THE CONVERSION PLAN ONLY IF THE COM-
10 MISSIONER IS SATISFIED OF ALL OF THE FOLLOWING:

11 (A) THE CONVERSION PLAN DISCLOSES TO THE MEMBERS INFORMATION
12 CONCERNING THE ADVANTAGES AND DISADVANTAGES OF THE PROPOSED CON-
13 VERSION AND CONTAINS A STATEMENT INDICATING ANY MATERIAL DIFFER-
14 ENCES IN POWERS.

15 (B) THE CONVERSION WOULD NOT BE MADE TO CIRCUMVENT A PENDING
16 SUPERVISORY ACTION THAT IS INITIATED BY THE COMMISSIONER OR OTHER
17 REGULATORY AGENCY BECAUSE OF A CONCERN OVER THE SAFETY AND SOUND-
18 NESS OF THE CREDIT UNION.

19 (C) THE CONVERSION PLAN DOES NOT PROVIDE ANY OFFICIAL OF THE
20 CREDIT UNION WITH ANY REMUNERATION OR OTHER ECONOMIC BENEFIT IN
21 CONNECTION WITH THE CONVERSION OF THE CREDIT UNION.

22 (D) THE CONVERTED ORGANIZATION IS LIKELY TO BE ECONOMICALLY
23 VIABLE.

24 (4) UPON PRELIMINARY APPROVAL OF THE CONTENTS OF THE CONVER-
25 SION PLAN BY THE COMMISSIONER, THE CREDIT UNION SHALL DO BOTH OF
26 THE FOLLOWING:

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1 (A) CALL A SPECIAL MEETING OF THE MEMBERS TO VOTE ON THE
2 CONVERSION PLAN.

3 (B) MAIL TO EACH MEMBER NOTICE OF THE PROPOSED CONVERSION 90
4 DAYS, 60 DAYS, AND 30 DAYS BEFORE THE DATE OF THE SPECIAL
5 MEETING. EACH NOTICE SHALL INCLUDE ALL OF THE FOLLOWING:

6 (i) A STATEMENT OF THE POSITIVE AND NEGATIVE EFFECTS OF THE
7 PROPOSED CONVERSION.

8 (ii) A STATEMENT WHETHER THE DIRECTORS OF THE CONVERTED
9 ORGANIZATION WILL RECEIVE COMPENSATION AND THAT INTERESTED PER-
10 SONS MAY OBTAIN MORE DETAILED INFORMATION FROM THE CREDIT UNION
11 AT ITS OFFICES OR BY OTHER METHODS HAVING THE PRIOR APPROVAL OF
12 THE COMMISSIONER.

13 (iii) A STATEMENT THAT THE PROPOSED PLAN OF CONVERSION MAY
14 BE SUBSTANTIVELY AMENDED BY THE BOARD OF DIRECTORS AS A RESULT OF
15 COMMENTS FROM REGULATORY AUTHORITIES OR OTHERWISE BEFORE THE
16 MEETING, AND THAT THE PROPOSED PLAN MAY BE TERMINATED BY THE
17 BOARD OF DIRECTORS.

18 (iv) DIRECTIONS FOR OBTAINING COPIES OF THE CONVERSION
19 PLAN.

20 (v) THE DATE OF THE SPECIAL MEETING AND A STATEMENT THAT THE
21 VOTE ON THE CONVERSION WILL CLOSE ON THAT DATE.

22 (vi) OTHER INFORMATION AS REQUIRED BY THE COMMISSIONER.

23 (5) THE 30-DAY NOTICE REQUIRED UNDER SUBSECTION (4)(B) SHALL
24 INCLUDE THE DATE, TIME, AND PLACE OF THE SPECIAL MEMBER MEETING,
25 A BALLOT AND POSTAGE-PAID RETURN ENVELOPE AND THE METHODS PERMIT-
26 TED FOR CASTING VOTES.

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1 (6) IF THE PLAN OF CONVERSION IS SUBSTANTIVELY AMENDED BY
2 THE BOARD OF DIRECTORS, AT LEAST 30 DAYS BEFORE THE VOTE OF THE
3 MEMBERS ON THE PROPOSAL THE CREDIT UNION SHALL PROVIDE MEMBERS
4 WITH NOTICE CONTAINING THE INFORMATION REQUIRED BY SUBPARAGRAPHS
5 (i) TO (vi) OF SUBSECTION (4)(B) THAT ACCURATELY DESCRIBES THE
6 AMENDED PLAN OF CONVERSION.

7 (7) IN ADDITION TO ACCEPTING MEMBER VOTES AT THE SPECIAL
8 MEETING [AND BY MAIL, WITH THE PRIOR APPROVAL OF THE COMMISSIONER, A
9 CREDIT UNION MAY ALSO ACCEPT MEMBER VOTES ON THE CONVERSION BY AN
10 ALTERNATIVE METHOD THAT IS REASONABLY CALCULATED TO ENSURE EACH
MEMBER HAS AN OPPORTUNITY TO VOTE.] THE
11 CREDIT UNION SHALL FILE WITH THE COMMISSIONER ALL OF THE
12 FOLLOWING:

13 (A) CERTIFIED COPIES OF RECORDS OF ALL PROCEEDINGS HELD BY
14 THE BOARD OF DIRECTORS AND MEMBERS OF THE CREDIT UNION.

15 (B) COPIES OF MEMBER COMMENTS SUBMITTED TO THE CREDIT UNION
16 UNDER SUBSECTION (2)(C).

17 (C) A CERTIFIED COPY OF CONSENT OR APPROVAL OF THE FEDERAL
18 REGULATORY AUTHORITY OR THE REGULATORY AUTHORITY OF THE APPLICA-
19 BLE STATE, TERRITORY, OR PROTECTORATE OF THE UNITED STATES IF THE
20 CONSENT OR APPROVAL IS REQUIRED BY THE LAWS OF THE APPLICABLE
21 JURISDICTION.

22 (D) EVIDENCE THAT THE CONVERTED ORGANIZATION IS ELIGIBLE FOR
23 FEDERAL INSURANCE OF DEPOSITS.

24 (8) IF ALL OF THE CONDITIONS REQUIRED BY THIS SECTION HAVE
25 BEEN MET AND THE COMMISSIONER DETERMINES THAT NOTICES TO MEMBERS
26 WERE ACCURATE, TIMELY, AND NOT MISLEADING, AND THAT CONDUCT OF
27 THE VOTE ON THE CONVERSION PLAN WAS FAIR AND LAWFUL, THE

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1 COMMISSIONER SHALL APPROVE THE CONVERSION AND THE CONVERSION
2 SHALL BECOME EFFECTIVE.

3 (9) EXCEPT AS OTHERWISE REQUIRED BY THE COMMISSIONER, THIS
4 SECTION DOES NOT APPLY TO A CREDIT UNION THAT SUBMITTED TO THE
5 COMMISSIONER A PLAN OF CONVERSION INTO A MUTUAL SAVINGS BANK OR
6 MUTUAL SAVINGS ASSOCIATION BEFORE THE EFFECTIVE DATE OF THE AMEN-
7 DATORY ACT THAT ADDED THIS SECTION.

8 SEC. 25B. (1) WITH THE APPROVAL OF THE COMMISSIONER AND
9 UPON THE AFFIRMATIVE VOTE OF 2/3 OF THE MEMBERS WHO VOTE ON THE
10 PROPOSAL, A CREDIT UNION ORGANIZED UNDER THIS ACT MAY CONVERT,
11 SUBJECT TO THIS SECTION, THE REGULATIONS OF THE FEDERAL DEPOSIT
12 INSURANCE CORPORATION REGARDING MUTUAL-TO-STOCK CONVERSIONS, AND,
13 IF A HOLDING COMPANY IS TO BE FORMED IN CONNECTION WITH THE CON-
14 VERSION, THE REGULATIONS OF THE FEDERAL RESERVE BOARD OF GOVER-
15 NORS OR OF THE OFFICE OF THRIFT SUPERVISION APPLICABLE TO HOLDING
16 COMPANIES, INTO A BANK, STOCK SAVINGS BANK, OR STOCK SAVINGS AND
17 LOAN ASSOCIATION.

18 (2) THE BOARD OF DIRECTORS, BY AN AFFIRMATIVE VOTE OF 2/3 OF
19 THE ENTIRE BOARD, SHALL APPROVE ANY PLAN OF CONVERSION UNDER
20 SUBSECTION (1) BEFORE SUBMITTING THE PLAN TO THE COMMISSIONER FOR
21 PRELIMINARY REVIEW. AT LEAST 30 DAYS BEFORE VOTING ON THE PLAN,
22 THE BOARD OF DIRECTORS SHALL GIVE NOTICE TO THE CREDIT UNION'S
23 MEMBERS THAT IT IS CONSIDERING A CONVERSION. THE NOTICE SHALL BE
24 MAILED TO THE CREDIT UNION'S MEMBERSHIP SEPARATE FROM ANY OTHER
25 MAILING SENT TO THE CREDIT UNION'S MEMBERSHIP. THE NOTICE SHALL
26 INCLUDE ALL OF THE FOLLOWING:

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1 (A) A BRIEF STATEMENT AS TO WHY THE BOARD IS CONSIDERING
2 CONVERSION.

3 (B) A BRIEF STATEMENT OF THE MAJOR POSITIVE AND NEGATIVE
4 EFFECTS OF THE PROPOSED CONVERSION.

5 (C) A FULL AND ACCURATE DESCRIPTION OF THE DIFFERENCES
6 BETWEEN A CREDIT UNION AND, AS APPROPRIATE, A BANK, SAVINGS BANK,
7 OR SAVINGS AND LOAN ASSOCIATION.

8 (D) A REQUEST FOR MEMBER WRITTEN COMMENTS ON THE PROPOSED
9 CONVERSION.

10 (3) THE CONVERSION PLAN SUBMITTED TO THE COMMISSIONER SHALL
11 INCLUDE ALL OF THE FOLLOWING:

12 (A) THE MEMBER ELIGIBILITY RECORD DATE AND THE SUBSCRIPTION
13 OFFERING PRIORITY ESTABLISHED IN CONNECTION WITH ANY PROPOSED
14 STOCK OFFERING.

15 (B) A BUSINESS PLAN, INCLUDING A DETAILED DISCUSSION OF HOW
16 THE CAPITAL ACQUIRED IN THE CONVERSION WILL BE USED, EXPECTED
17 EARNINGS FOR AT LEAST A 3-YEAR PERIOD FOLLOWING THE CONVERSION,
18 AND A JUSTIFICATION FOR ANY PROPOSED STOCK REPURCHASES.

19 (C) A FULL APPRAISAL REPORT, PREPARED BY AN INDEPENDENT
20 APPRAISER, OF THE VALUE OF THE CREDIT UNION AND THE PRICING OF
21 THE STOCK TO BE SOLD IN THE CONVERSION TRANSACTION.

22 (D) A LEGAL OPINION THAT ANY PROPOSED STOCK OFFERING COM-
23 PLIES WITH STATE AND FEDERAL LAW.

24 (E) COPIES OF NOTICES TO BE PROVIDED TO MEMBERS UNDER
25 SUBSECTION (5)(B).

26 (4) THE COMMISSIONER SHALL REVIEW THE CONTENTS OF AND MEMBER
27 COMMENTS ON THE CONVERSION PLAN AND GRANT PRELIMINARY APPROVAL

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1 BEFORE THE CREDIT UNION BOARD PRESENTS THE CONVERSION PLAN TO THE
2 MEMBERS FOR A VOTE. THE COMMISSIONER SHALL GRANT PRELIMINARY
3 APPROVAL OF THE CONTENTS OF THE CONVERSION PLAN ONLY IF THE COM-
4 MISSIONER IS SATISFIED OF ALL OF THE FOLLOWING:

5 (A) THE CONVERSION PLAN DISCLOSES TO THE MEMBERS INFORMATION
6 CONCERNING THE ADVANTAGES AND DISADVANTAGES OF THE PROPOSED CON-
7 VERSION, PROVIDES A FULL AND ACCURATE DESCRIPTION OF THE DIFFER-
8 ENCES BETWEEN A CREDIT UNION AND A BANK, AND CONTAINS A STATEMENT
9 INDICATING ANY MATERIAL DIFFERENCES IN POWERS.

10 (B) THE CONVERSION WOULD NOT BE MADE TO CIRCUMVENT A PENDING
11 SUPERVISORY ACTION THAT IS INITIATED BY THE COMMISSIONER OR OTHER
12 REGULATORY AGENCY BECAUSE OF A CONCERN OVER THE SAFETY AND SOUND-
13 NESS OF THE CREDIT UNION.

14 (C) THE CONVERSION PLAN DOES NOT PROVIDE ANY OFFICIAL OF THE
15 CREDIT UNION WITH ANY REMUNERATION OR OTHER ECONOMIC BENEFIT IN
16 CONNECTION WITH THE CONVERSION OF THE CREDIT UNION.

17 (D) THE CONVERSION PLAN DOES NOT PERMIT THE CONVERTING
18 CREDIT UNION TO LOAN FUNDS OR OTHERWISE EXTEND CREDIT TO ANY
19 PERSON TO PURCHASE THE CAPITAL STOCK OF THE ASSOCIATION.

20 (E) THE CONVERTED ORGANIZATION IS LIKELY TO BE ECONOMICALLY
21 VIABLE.

22 (5) UPON PRELIMINARY APPROVAL OF THE CONTENTS OF THE CONVER-
23 SION PLAN BY THE COMMISSIONER, THE CREDIT UNION SHALL DO BOTH OF
24 THE FOLLOWING:

25 (A) CALL A SPECIAL MEETING OF THE MEMBERS TO VOTE ON THE
26 CONVERSION PLAN.

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1 (B) MAIL TO EACH MEMBER NOTICE OF THE PROPOSED CONVERSION 90
2 DAYS, 60 DAYS, AND 30 DAYS BEFORE THE DATE OF THE SPECIAL
3 MEETING. EACH NOTICE SHALL INCLUDE ALL OF THE FOLLOWING:

4 (i) A STATEMENT OF THE POSITIVE AND NEGATIVE EFFECTS OF THE
5 PROPOSED CONVERSION.

6 (ii) A STATEMENT AS TO WHETHER THE CONVERSION PLAN INCLUDES
7 A DISTRIBUTION OF A PORTION OF THE CREDIT UNION'S NET WORTH TO
8 MEMBERS. IF THE PLAN PROVIDES FOR A DISTRIBUTION, THE NOTICE
9 SHALL DESCRIBE THE AMOUNT TO BE DISTRIBUTED, THE FORM OF THE DIS-
10 TRIBUTION, AND REQUIREMENTS FOR MEMBER ELIGIBILITY TO RECEIVE A
11 DISTRIBUTION.

12 (iii) A STATEMENT AS TO WHETHER THE DIRECTORS OF THE CON-
13 VERTED ORGANIZATION WILL RECEIVE COMPENSATION AND THAT INTERESTED
14 PERSONS MAY OBTAIN MORE DETAILED INFORMATION FROM THE CREDIT
15 UNION AT ITS OFFICES OR BY OTHER METHODS HAVING THE PRIOR
16 APPROVAL OF THE COMMISSIONER.

17 (iv) THE PAR VALUE AND APPROXIMATE NUMBER OF SHARES OF CAPI-
18 TAL STOCK TO BE ISSUED AND SOLD UNDER THE PROPOSED PLAN OF
19 CONVERSION.

20 (v) A STATEMENT THAT SAVINGS AND SHARE ACCOUNT HOLDERS WILL
21 CONTINUE TO HOLD ACCOUNTS IN THE CONVERTED ORGANIZATION IDENTICAL
22 AS TO DOLLAR AMOUNT AND GENERAL TERMS, AND THAT THEIR ACCOUNTS
23 WILL CONTINUE TO BE INSURED.

24 (vi) A STATEMENT THAT BORROWERS' LOANS WILL BE UNAFFECTED BY
25 CONVERSION, AND THAT THE AMOUNT, RATE, MATURITY, SECURITY, AND
26 OTHER CONDITIONS WILL REMAIN CONTRACTUALLY FIXED AS THEY EXISTED
27 BEFORE CONVERSION.

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1 (vii) A STATEMENT THAT THE PROPOSED PLAN OF CONVERSION MAY
2 BE SUBSTANTIVELY AMENDED BY THE BOARD OF DIRECTORS AS A RESULT OF
3 COMMENTS FROM REGULATORY AUTHORITIES OR OTHERWISE BEFORE THE
4 MEETING, AND THAT THE PROPOSED PLAN MAY ALSO BE TERMINATED BY THE
5 BOARD OF DIRECTORS.

6 (viii) THE DIRECTIONS FOR OBTAINING COPIES OF THE CONVERSION
7 PLAN.

8 (ix) THE DATE OF THE SPECIAL MEETING AND A STATEMENT THAT
9 THE VOTE ON THE CONVERSION WILL CLOSE ON THAT DATE.

10 (x) ANY OTHER INFORMATION AS REQUIRED BY THE COMMISSIONER.

11 (6) THE 30-DAY NOTICE REQUIRED UNDER SUBSECTION (5)(B) SHALL
12 INCLUDE THE DATE, TIME, AND PLACE OF THE SPECIAL MEMBER MEETING,
13 A BALLOT AND POSTAGE-PAID RETURN ENVELOPE AND THE METHODS PERMIT-
14 TED FOR CASTING VOTES.

15 (7) IF THE PLAN OF CONVERSION IS SUBSTANTIVELY AMENDED BY
16 THE BOARD OF DIRECTORS, AT LEAST 30 DAYS BEFORE THE VOTE OF THE
17 MEMBERS ON THE PROPOSAL, THE CREDIT UNION SHALL PROVIDE MEMBERS
18 WITH NOTICE CONTAINING THE INFORMATION REQUIRED BY SUBPARAGRAPHS
19 (i) TO (ix) OF SUBSECTION (5)(B) THAT ACCURATELY DESCRIBES THE
20 AMENDED PLAN OF CONVERSION.

21 (8) IN ADDITION TO ACCEPTING MEMBER VOTES AT THE SPECIAL
22 MEETING [AND BY MAIL, WITH THE PRIOR APPROVAL OF THE COMMISSIONER, A
23 CREDIT UNION MAY ALSO ACCEPT MEMBER VOTES ON THE CONVERSION BY AN
24 ALTERNATIVE METHOD THAT IS REASONABLY CALCULATED TO ENSURE EACH
MEMBER HAS AN OPPORTUNITY TO VOTE.] THE
25 CREDIT UNION SHALL FILE WITH THE COMMISSIONER ALL OF THE
26 FOLLOWING:

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1 (A) CERTIFIED COPIES OF RECORDS OF ALL PROCEEDINGS HELD BY
2 THE BOARD OF DIRECTORS AND MEMBERS OF THE CREDIT UNION.

3 (B) COPIES OF MEMBER COMMENTS SUBMITTED TO THE CREDIT UNION
4 UNDER SUBSECTION (2)(D).

5 (C) A CERTIFIED COPY OF CONSENT OR APPROVAL OF THE FEDERAL
6 REGULATORY AUTHORITY OR THE REGULATORY AUTHORITY OF THE APPLICA-
7 BLE STATE, TERRITORY, OR PROTECTORATE OF THE UNITED STATES IF THE
8 CONSENT OR APPROVAL IS REQUIRED BY THE LAWS OF THE APPLICABLE
9 JURISDICTION.

10 (D) EVIDENCE THAT THE CONVERTED ORGANIZATION IS ELIGIBLE FOR
11 FEDERAL INSURANCE OF DEPOSITS.

12 (8) IF ALL THE CONDITIONS REQUIRED BY THIS SECTION HAVE BEEN
13 MET, AND THE COMMISSIONER DETERMINES THAT 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 SHALL BECOME
17 EFFECTIVE.

18 SEC. 25C. (1) EXCEPT AS PROVIDED IN SUBSECTION (2), IF A
19 CONVERSION BECOMES EFFECTIVE UNDER SECTION 25, 25A, OR 25B, ALL
20 THE PROPERTY OF THE CREDIT UNION, INCLUDING ALL ITS RIGHT, TITLE,
21 AND INTEREST IN AND TO ALL PROPERTY OF WHATEVER KIND, WHETHER
22 REAL, PERSONAL, OR MIXED AND THINGS IN ACTION, AND EVERY RIGHT,
23 PRIVILEGE, INTEREST, AND ASSET OF ANY CONCEIVABLE VALUE OR BENE-
24 FIT THEN EXISTING, BELONGING, OR PERTAINING TO IT, OR THAT WOULD
25 INURE TO IT, SHALL IMMEDIATELY BY ACT OF LAW AND WITHOUT ANY CON-
26 VEYANCE OR TRANSFER, AND WITHOUT ANY FURTHER ACT OR DEED, BE
27 VESTED IN AND REMAIN THE PROPERTY OF THE CONVERTED ORGANIZATION.

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1 THE CONVERTED ORGANIZATION SHALL HAVE, HOLD, AND ENJOY THE
2 PROPERTY IN ITS OWN RIGHT AS FULLY AND TO THE SAME EXTENT AS THE
3 PROPERTY WAS POSSESSED, HELD, AND ENJOYED BEFORE THE CONVERSION.
4 THE CONVERTED ORGANIZATION SHALL BE CONSIDERED TO BE A CONTINUA-
5 TION OF THE SAME ENTITY. ALL THE RIGHTS, OBLIGATIONS, AND RELA-
6 TIONS OF THE CREDIT UNION TO OR IN RESPECT TO ANY PERSON, ESTATE,
7 CREDITOR, MEMBER, DEPOSITOR, TRUST, TRUSTEE, COLLECTIVE BARGAIN-
8 ING AGREEMENT, OR BENEFICIARY OF ANY TRUST OR FIDUCIARY FUNCTION
9 SHALL REMAIN UNIMPAIRED. THE CONVERTED ORGANIZATION SHALL CON-
10 TINUE TO HOLD ALL THE RIGHTS, OBLIGATIONS, RELATIONS, AND TRUSTS,
11 AND THE DUTIES AND LIABILITIES CONNECTED WITH THEM, AND SHALL
12 EXECUTE AND PERFORM EACH AND EVERY TRUST AND RELATION IN THE SAME
13 MANNER AS IF THE CREDIT UNION HAD NOT CONVERTED. THE CONVERSION
14 SHALL NOT RELEASE THE CONVERTED ORGANIZATION FROM ITS OBLIGATIONS
15 TO PAY AND DISCHARGE ALL THE LIABILITIES CREATED BY LAW OR
16 INCURRED BY IT BEFORE THE CONVERSION, OR ANY TAX IMPOSED BY THE
17 LAWS OF THIS STATE UP TO THE DAY OF THE CONVERSION IN PROPORTION
18 TO THE TIME WHICH HAS ELAPSED SINCE THE LAST PRECEDING TAX PAY-
19 MENT, OR ANY ASSESSMENT, PENALTY, OR FORFEITURE IMPOSED OR
20 INCURRED UNDER THE LAWS OF THIS STATE UP TO THE DATE OF THE
21 CONVERSION.

22 (2) THE COMMISSIONER MAY FOR GOOD CAUSE REQUIRE A CONVERTING
23 CREDIT UNION WITHIN 1 YEAR FOLLOWING CONVERSION TO DIVEST ITSELF
24 OF AN ASSET THAT DOES NOT CONFORM TO THE LEGAL REQUIREMENTS RELA-
25 TIVE TO ASSETS ACQUIRED AND HELD BY THE CONVERTED ORGANIZATION.

26 (3) IF THE CONVERTING CREDIT UNION WAS APPOINTED IN A
27 FIDUCIARY CAPACITY BY A COURT OR GOVERNMENTAL TRIBUNAL, AGENCY,

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1 OR OFFICER, THE CONVERTED ORGANIZATION SHALL FILE AN AFFIDAVIT
2 WITH THE APPOINTING AUTHORITY SETTING FORTH THE FACT OF CONVER-
3 SION, THE NAME AND ADDRESS OF THE CONVERTED ORGANIZATION, AND THE
4 AMOUNT OF ITS CAPITAL AND SURPLUS. THE CONVERTED ORGANIZATION
5 ACTING AS A FIDUCIARY BY APPOINTMENT OF A COURT IS SUBJECT TO
6 REMOVAL BY A COURT OF COMPETENT JURISDICTION.

7 Sec. 26. (1) With the approval of the commissioner and com-
8 pliance with the applicable law under which it is chartered, a
9 credit union chartered under the laws of the United States or any
10 other state, ~~or territory~~ THE DISTRICT OF COLUMBIA, TERRITORY,
11 OR PROTECTORATE of the United States and meeting all the require-
12 ments to become a credit union under this act may convert to a
13 credit union organized under this act. The required certificate
14 of organization shall be executed in triplicate by a majority of
15 the board of directors of the converting credit union and
16 presented to the commissioner for appropriate examination and
17 approval. After executing the certificate of organization, a
18 majority of the directors ~~may~~ SHALL execute all other papers,
19 including the adoption of bylaws for the general government of
20 the credit union consistent with ~~the provisions of~~ this act,
21 and to do whatever ~~may be~~ IS required to complete its
22 conversion. The directors of the converting credit union may
23 continue to be directors of the credit union.

24 (2) If the commissioner approves the certificate of organi-
25 zation as presented by the board of directors, the commissioner
26 shall notify the applicants of the commissioner's decision and
27 shall immediately issue a certificate of approval attached to the

1 duplicate certificate of organization and return it to the credit
2 union. The certificate shall indicate that the laws of this
3 state have been complied with and the credit union and all its
4 members, officers, and employees shall have the same rights,
5 powers, and privileges and be subject to the same duties, liabil-
6 ities, and obligations in all respects as shall be applicable to
7 credit unions originally organized under this act.

8 (3) ~~-(2)-~~ The approval of a conversion under this section by
9 the commissioner shall be based on an examination of the credit
10 union and the proceedings had by its directors and members with
11 respect to THE conversion. ~~and a~~ A conversion shall not defeat
12 or defraud any of the creditors of the credit union. The
13 expenses of the examination shall be paid by the credit union in
14 an amount established and published by the commissioner. The
15 amount paid for the examination is not refundable. Upon approval
16 of the conversion, the credit union shall pay an operating fee,
17 determined ~~pursuant to~~ UNDER section 6, on a prorated basis for
18 the operating fee period in which the conversion becomes
19 effective. The date that the conversion becomes effective shall
20 be the basis for the proration.

21 (4) ~~-(3)-~~ If the conversion becomes effective, all the prop-
22 erty of the converted credit union, including its right, title,
23 and interest in and to all property of whatever kind, whether
24 real, personal, or mixed, and things in action, and every right,
25 privilege, interest, and asset of any conceivable value or bene-
26 fit then existing, belonging, or pertaining to it, or that would
27 inure to it, shall immediately by act of law and without any

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1 conveyance or transfer and without any further acts or deeds, be
2 vested in and remain the property of the converted credit union.
3 The converted credit union shall have, hold, and enjoy the prop-
4 erty in its own right as fully and to the same extent as the
5 property was previously possessed, held, and enjoyed by it. The
6 converted credit union shall be considered to be a continuation
7 of the same entity. All the rights, obligations, and relations
8 of the credit union to or in respect to any person, estate, cred-
9 itor, depositor, member, trustee, or beneficiary of any trust, or
10 fiduciary function, shall remain unimpaired. The credit union
11 shall continue to hold all rights, obligations, relations, and
12 trusts and the duties and liabilities connected with them, and
13 shall execute and perform each and every trust and relation in
14 the same manner as if it had after the conversion assumed the
15 trust or relation and obligations and liabilities connected with
16 the trust or relation.