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## CREDIT UNION RESERVES REVISIONS

**House Bill 6328**

**Sponsor: Rep. Mary Ann Middaugh**  
**Committee: Insurance and Financial  
Services**

**Complete to 9-17-02**

### **A SUMMARY OF HOUSE BILL 6328 AS INTRODUCED 9-17-02**

Currently, Public Act 285 of 1925, known as the Michigan Credit Union Act, requires that a special reserve (in addition to the regular reserve) must be established when required by rule of the commissioner of the Office of Financial and Insurance Services (OFIS), or when found by the board of directors or by the commissioner to be necessary for a special case. The bill would amend the act to instead specify that in addition to maintaining a regular reserve as required by law, special reserves could be established to protect the interests of members.

Further, the bill would delete a number of provisions, including the following:

- provisions describing the schedule for how sums would be set aside monthly for a regular reserve, and a provision allowing the commissioner to waive these requirements;
- a provision allowing – for the purpose of calculating required transfers of income to regular reserves - any balances in the allowance for loan losses account to be included with the balance in the regular reserve account; and,
- a provision allowing the commissioner to define by rule the terms “gross income”, “outstanding loans”, and “risk assets” for the purpose of establishing the regular reserve.

MCL 490.17

Analyst: S. Stutzky

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.