

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5021

A bill to amend 2003 PA 215, entitled
"Credit union act,"
by amending section 371 (MCL 490.371), as amended by 2004 PA 471.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

9 (ii) The terms and conditions of the proposed merger,
10 including the manner and basis of converting the member shares in

1 each constituent credit union into member shares in the surviving
2 credit union, or into cash or other property, or into a combination
3 of shares, cash, or other property.

4 (iii) A statement of any amendment to the certificate of
5 organization of the surviving credit union affected by the merger
6 or a statement that no changes are to be made in the certificate of
7 organization of the surviving credit union.

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

10 (b) If the credit union board of each constituent credit union
11 adopts the plan of merger, the constituent credit unions submit the
12 plan of merger to the ~~commissioner~~-**DIRECTOR**. Each constituent
13 credit union shall submit the time and place of the meeting of the
14 credit union board at which it approved the plan, the vote of the
15 ~~directors~~-**BOARD MEMBERS** on approving the plan, and a copy of the
16 resolution of the credit union board approving the plan to the
17 ~~commissioner~~-**DIRECTOR** with the plan of merger.

18 (c) Subject to subsection (6), the members of each constituent
19 credit union except the surviving credit union approve the plan of
20 merger, at a special membership meeting called for that purpose or
21 by mail ballot. If the vote is held at a special membership
22 meeting, the credit union board shall provide each member with
23 written notice of the meeting that states the purpose of the
24 meeting, at least ~~10~~-7 days and not more than 30 days before the
25 meeting. The plan of merger is approved if a majority of the
26 members of the constituent credit union ~~who~~-**THAT** vote on the merger
27 vote in favor of the merger.

1 (d) If the membership of a constituent credit union approves
2 of a plan of merger under subdivision (c), the credit union shall
3 notify the ~~commissioner~~**DIRECTOR** that the plan of merger is
4 approved, the vote by which the members approved the plan, and a
5 copy of the meeting notice if the plan was approved at a special
6 membership meeting or the ballot and mailing date and closing date
7 if the plan was approved by mail ballot of the members.

8 (e) The ~~commissioner~~**DIRECTOR** grants final approval of the
9 plan of merger. The ~~commissioner~~**DIRECTOR** shall grant final
10 approval of the plan if all of the requirements of subdivisions (a)
11 to (d) are met.

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

14 (a) The merger is permitted by the law of the jurisdiction
15 under whose law each foreign constituent credit union is organized
16 and each foreign constituent credit union complies with that law in
17 effecting the merger.

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

20 (3) If a plan of merger under subsection (1) or (2) is
21 approved, each constituent credit union shall execute and file a
22 certificate of merger with the ~~commissioner~~**DIRECTOR** that contains
23 all of the following:

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

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

1 (c) A statement of any assumed names the surviving credit
2 union will use in this state if the ~~commissioner~~**DIRECTOR** approves.
3 The statement shall specify each new assumed name of the surviving
4 credit union, each current assumed name the surviving entity
5 retains, and each assumed name transferred to the surviving entity
6 from another constituent credit union.

7 (d) The **PROPOSED** effective date of the merger. ~~, if later than~~
8 ~~the date the certificate of merger is filed. The commissioner shall~~
9 ~~not accept a certificate of merger and the merger is not effective~~
10 ~~if an effective date is specified that is more than 90 days after~~
11 ~~the date of filing.~~

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

13 (a) Every other constituent credit union merges into the
14 surviving credit union and the separate existence of every
15 constituent credit union except the surviving credit union ceases.

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

20 (c) The surviving credit union has all of the liabilities of
21 each constituent credit union.

22 (d) A proceeding pending against any constituent credit union
23 may be continued as if the merger had not occurred or the surviving
24 credit union may be substituted in the proceeding for the
25 constituent credit union if the existence of the constituent credit
26 union ceased.

27 (e) The certificate of organization of the surviving credit

1 union is amended to the extent provided in the certificate of
2 merger.

3 (f) The membership shares in each constituent credit union are
4 converted into membership shares in the surviving credit union,
5 cash, or other property as provided in the plan of merger. If a
6 person is a member of more than 1 of the constituent credit unions,
7 the person is entitled to only 1 membership in the surviving credit
8 union.

9 (g) The surviving credit union is liable for, and is subject
10 to service of process in a proceeding in this state for the
11 enforcement of, any obligation of a domestic constituent credit
12 union.

13 (5) If the surviving credit union in a merger under subsection
14 (2) is a foreign credit union, and the surviving credit union
15 transacts business in this state, it shall comply with the
16 provisions of this act concerning foreign credit unions.

17 (6) The ~~commissioner~~**DIRECTOR** may waive the membership vote
18 described in subsection (1)(c) for a constituent credit union if he
19 or she determines that it is in the best interests of the
20 membership of the constituent credit union or that the constituent
21 credit union is insolvent or in imminent danger of becoming
22 insolvent.

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

25 Enacting section 1. This amendatory act takes effect 90 days
26 after the date it is enacted into law.

27 Enacting section 2. This amendatory act does not take effect

1 unless all of the following bills of the 98th Legislature are
2 enacted into law:

3 (a) House Bill No. 5017.

4 (b) House Bill No. 5018.

5 (c) House Bill No. 5019.

6 (d) House Bill No. 5020.

7 (E) House Bill No. 5022.