

**CREDIT UNION ACT (EXCERPT)**  
**Act 215 of 2003**

ARTICLE 1  
GENERAL PROVISIONS

**490.101 Short title.**

Sec. 101. This act shall be known and may be cited as the "credit union act".

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

**490.102 Definitions; A to I.**

Sec. 102. As used in this act:

(a) "Affiliate" means a person, other than an individual or governmental entity, to which any of the following apply:

(i) A credit union directly or indirectly owns or controls a majority of the person's voting shares or other voting ownership interests.

(ii) A credit union directly or indirectly owns or controls more than 50% of the number of shares or other ownership interests voted at the most recent election for the election of its directors, trustees, or other individuals who exercise similar functions.

(iii) A credit union has the power to directly or indirectly elect a majority of the person's directors, trustees, or other individuals who exercise similar functions.

(iv) A majority of a credit union board constitutes a majority of the directors, trustees, or other persons exercising similar functions of the person.

(b) "Alien credit union" means a credit union that is organized under the laws of a country other than the United States.

(c) "Associate board member" means an individual appointed by a credit union board to the position described in section 342(10).

(d) "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, 12 USC 21 to 216d, and whose deposits are insured by an agency of the federal government.

(e) "Board member" means a member of a board of directors, board of trustees, or similar governing body of an organization. In connection with a credit union board, the term does not include an associate board member.

(f) "Borrower" means a member who obtains a loan from a credit union.

(g) "Branch" means, except as otherwise provided in this subdivision, an office or other place of business at which a credit union receives deposits, pays checks, or lends money. Branch does not include any of the following:

(i) An elementary, middle, or high school at which an employee or agent of a credit union only accepts deposits.

(ii) An electronic funds transfer facility that is made available to 2 or more depository institutions under 1978 PA 322, MCL 488.1 to 488.31.

(iii) A loan production office of a credit union.

(iv) A mobile office. As used in this subparagraph, "mobile office" means a credit union office or facility that does not have a permanent location and is designed to be moveable from place to place.

(h) "Commissioner" means the director.

(i) "Corporate credit union" means a credit union whose field of membership consists primarily of other credit unions.

(j) "Credit union" means a domestic or foreign credit union.

(k) "Credit union board" means a board of directors, board of trustees, or other governing body of a credit union. A credit union board does not include associate board members.

(l) "Credit union service organization" means a corporation or other legal entity that is engaged primarily in providing 1 or more of the products or services described in section 407 to credit unions or their members, that a domestic credit union may organize, invest in, or lend to under section 401(2)(gg), and that may or may not be controlled by 1 or more credit unions.

(m) "Debt management" means that term as defined in section 2 of the debt management act, 1975 PA 148, MCL 451.412.

(n) "Department" means the department of insurance and financial services.

(o) "Director" means the director of the department.

(p) "Domestic credit union" means a cooperative, nonprofit entity organized under this act for the purposes of encouraging thrift among its members, providing a variety of financial services to its members, 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.

(q) "Eligibility record date" means a record date that is 1 year or more before the adoption of a plan of conversion by a credit union board and is set forth in a plan of conversion for determining eligible members of a converting credit union.

(r) "Emergency" means a condition, event, or occurrence that meets both of the following:

(i) It has or may interfere with the conduct of normal business operations, or poses an imminent or existing threat to the safety and security of a person or property, at the principal place of business or 1 or more branches of a credit union.

(ii) It is the result of a fire, flood, earthquake, hurricane, tornado, wind, rain, snowstorm, labor dispute or strike, power failure, transportation failure, fuel shortage, interruption of a communication facility, shortage of housing, epidemic or other natural or manmade catastrophe, riot, civil commotion, or any other act of lawlessness or violence.

(s) "Federal credit union" means a credit union that is organized under the laws of the United States.

(t) "Field of membership" means that term as established under section 352.

(u) "Financial institution" means a credit union, bank, savings bank, or savings and loan association.

(v) "Foreign credit union" means a credit union organized under the laws of another state or territory of the United States or a federal credit union.

(w) "Insolvent" means a credit union that meets either of the following:

(i) It is not able to pay its debts and other obligations, including those related to member shares, as they become due.

(ii) Its liabilities exceed its assets.

**History:** 2003, Act 215, Eff. June 1, 2004;—Am. 2004, Act 471, Imd. Eff. Dec. 28, 2004;—Am. 2016, Act 152, Eff. Sept. 7, 2016.

#### **490.103 Definitions; M to S.**

Sec. 103. As used in this act:

(a) "Membership share" means a share of a domestic credit union equal in amount to the par value of the credit union's shares that is credited to an account of a member by the credit union, is required as a condition of membership in the credit union, and is subject to any withdrawal restriction or other standards established by the domestic credit union for membership shares.

(b) "Mutual savings and loan association" means a savings and loan association that is not authorized by its articles of incorporation to issue capital stock.

(c) "Mutual savings bank" means a savings bank that is not authorized by its articles of incorporation to issue capital stock.

(d) "Net worth" means the sum of a credit union's undivided earnings and reserves. The term does not include allowances for loan and lease losses accounts.

(e) "Office of financial and insurance services" means the department.

(f) "Officer" means the chairperson of the board, the vice-chairperson of the board, the secretary, the treasurer, the general manager, an individual whose title is "president", an assistant treasurer, or an assistant secretary of a credit union, or any other individual who is specifically designated as an officer of a credit union by the credit union board.

(g) "Official" means a member of a credit union board or an officer, member of a credit committee or supervisory committee, or member of any other committee performing functions similar to a credit committee or supervisory committee, of a credit union.

(h) "Person" means an individual, corporation, partnership, limited liability company, association, governmental entity, or any other legal entity.

(i) "Principal place of business" means the place where a domestic credit union keeps its principal records.

(j) "Savings and loan association" means a savings association that is 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 the home owners' loan act, 12 USC 1461 to 1470, and whose deposits are insured by an agency of the federal government.

(k) "Savings bank" means a savings bank that is 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 an agency of the federal government.

(l) "Senior management employee" means any individual who is designated as a senior policy-making employee of a credit union by the board of the credit union.

(m) "Service center" means a place of business of a credit union, other than the principal place of business or a branch, where the credit union may transact business authorized by the credit union board.

(n) "Stock savings and loan association" means a savings and loan association that is authorized by its articles of incorporation to issue capital stock.

(o) "Stock savings bank" means a savings bank that is authorized by its articles of incorporation to issue capital stock.

**History:** 2003, Act 215, Eff. June 1, 2004;—Am. 2016, Act 152, Eff. Sept. 7, 2016.

**490.104 "Credit union"; use in name or title; restrictions; "corporate" or "corporate central"; use in name.**

Sec. 104. (1) A person shall not use the words "credit union" in its name or any assumed names, unless it is 1 of the following:

(a) A domestic credit union or a foreign credit union.

(b) A credit union trade association.

(c) A credit union service organization.

(d) An organization that is wholly owned by 1 or more domestic credit unions, foreign credit unions, credit union trade associations, or credit union service organizations.

(e) A separate segregated fund established under section 55 of the Michigan campaign finance act, 1976 PA 388, MCL 169.255, or a political action committee under federal law.

(2) A credit union may not use the word "corporate" or the words "corporate central" immediately before the words "credit union" in its name unless it is a corporate credit union organized under this act, the laws of another state or territory of the United States, or the laws of the United States.

**History:** 2003, Act 215, Eff. June 1, 2004;—Am. 2004, Act 471, Imd. Eff. Dec. 28, 2004.

**490.105 Domestic credit union; exemption from tax; exception; stock transfer tax.**

Sec. 105. A domestic credit union is exempt from taxation by this state or a political subdivision of this state except property taxes on real property. The shares of a domestic credit union are not subject to a stock transfer tax when issued by the credit union or when transferred from 1 member to another.

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