

CREDIT UNION ACT (EXCERPT)
Act 215 of 2003

PART 3
CONSERVATORSHIPS

490.241 Appointment of conservator; grounds; bond and security; qualifications; payment of administrative expenses.

Sec. 241. (1) If any of the grounds under section 232 authorizing the appointment of a receiver exist or if the commissioner considers it necessary in order to conserve the assets of a domestic credit union for the benefit of the members and depositors and other creditors of the domestic credit union, the commissioner may appoint a conservator for the domestic credit union and require of the conservator a bond and security as determined by the commissioner.

(2) The commissioner may appoint as conservator an employee of the office of financial and insurance services or any other competent and disinterested person. The conservator shall reimburse the office of financial and insurance services out of the assets of the conservatorship for all sums expended by it in connection with the conservatorship as administrative expenses. The conservator shall pay all administrative expenses of the conservatorship out of the assets of the domestic credit union, upon the approval of the commissioner. The administrative expenses are a first charge on the assets of the domestic credit union and the conservator shall pay the administrative expenses in full before any final distribution or payment of dividends to creditors or members.

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

490.242 Possession of books, records, and assets; rights of parties; discharge of real estate mortgage.

Sec. 242. (1) Under the direction of the commissioner, a conservator appointed under this part shall take possession of the books, records, and assets of the domestic credit union and take any action necessary to conserve the assets of the domestic credit union pending liquidation under part 2 of this article or further disposition of its business as provided by law. The conservator has all the rights, powers, and privileges of a receiver appointed under part 2 of this article, except the power to liquidate a domestic credit union, and is subject to those obligations and penalties to which a receiver is subject that are not inconsistent with this part with respect to conservators.

(2) While a conservator remains in possession of the domestic credit union under this part, the rights of all parties with respect to the domestic credit union, subject to the other provisions of this part with respect to conservators, are the same as if a receiver had been appointed under part 2 of this article.

(3) A conservator appointed under this part may execute the discharge of any real estate mortgage held as part of the assets of the domestic credit union.

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

490.243 Withdrawal by members and depositors and payment to other creditors; availability of amounts; receipt of shares and deposits; actions; return of control to credit union board; notice.

Sec. 243. (1) While a domestic credit union is in conservatorship under this part, the commissioner may require the conservator to set aside and make available for withdrawal by members and depositors and payment to other creditors, on a ratable basis, amounts that in the opinion of the commissioner may be used safely for this purpose.

(2) The commissioner may permit a conservator appointed under this part to receive shares and deposits.

(3) Shares and deposits received while a domestic credit union is in conservatorship under this part are not subject to any limitation as to payment or withdrawal. The conservator shall segregate those shares and deposits and any new assets acquired on account of the shares and deposits and shall not use those shares, deposits, and assets to liquidate any indebtedness of the domestic credit union existing at the time that the conservator was appointed or for any subsequent indebtedness incurred for the purpose of liquidating any indebtedness of the domestic credit union existing at the time the conservator was appointed.

(4) Any action taken by a conservator under subsection (3) may not remain in effect for more than 15 days after the date that the conservator returns control of the domestic credit union to the credit union board.

(5) A conservator appointed under this part shall keep any shares and deposits received while the domestic credit union is in conservatorship in cash, invested in the direct obligations of the United States, or deposited in depository institutions designated by the commissioner.

(6) Before returning control of a domestic credit union to the credit union board, a conservator appointed under this part shall publish a notice, in form approved by the commissioner, stating the date on which the affairs of the domestic credit union will be returned to the credit union board and that the provisions of subsection (3) will not apply after 15 days from that date. The conservator shall send a copy of the notice to every person who purchased shares or deposited money in the domestic credit union after the appointment of the conservator and before the time when control of the domestic credit union is returned to the credit union board.

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

490.244 Authority of commissioner to borrow money; conditions; secured loans.

Sec. 244. With the prior approval of the commissioner, a conservator appointed under this part may borrow money necessary or expedient to aid in the operation or reorganization of the domestic credit union and may secure the loans by the pledge of or lien, security interest, or mortgage on the assets of the domestic credit union.

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

490.245 Termination of conservatorship; determination by commissioner; resumption of business transactions by domestic credit union; appointment of receiver; liquidation.

Sec. 245. (1) If satisfied that it may be done safely and that it is in the public interest, the commissioner may terminate a conservatorship under this part and permit the domestic credit union to resume the transaction of its business subject to terms, conditions, restrictions, and limitations that he or she prescribes.

(2) Subject to subsection (3), if the commissioner determines that it is in the public interest, the commissioner may terminate a conservatorship under this part and apply for the appointment of a receiver for the domestic credit union as provided in part 2 of this article.

(3) If the commissioner determines that liquidation of a domestic credit union is in the public interest, the commissioner shall terminate a conservatorship under this part and apply for the appointment of a receiver for the domestic credit union as provided in part 2 of this article.

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