

CREDIT UNION ACT (EXCERPT)
Act 215 of 2003

PART 5
CAPITAL

490.361 Capital; share payments; entrance fee; secondary capital; liability of member for acts, debts, or obligations of domestic credit union; placement of lien on member account.

Sec. 361. (1) The capital of a domestic credit union consists of the payments that have been made to it by the members for shares. If authorized by the bylaws, a domestic credit union may charge an entrance fee.

(2) If at any time after the effective date of this act a federal credit union is authorized by the federal regulatory authority with jurisdiction and by federal law to utilize 1 or more forms of secondary capital other than capital stock, the commissioner may by rule, order, or declaratory ruling allow a domestic credit union to utilize 1 or more forms of secondary capital other than capital stock. The rule, order, or declaratory ruling must include disclosure requirements concerning the conditions for return of the secondary capital and its liquidation priority.

(3) Unless otherwise provided by law or by agreement between the member and the domestic credit union, a member of a domestic credit union is not liable for the acts, debts, or obligations of the domestic credit union.

(4) Except as provided in this subsection or where prohibited by applicable state or federal law or otherwise agreed by contract, a domestic credit union has a lien on any share of a member, or any deposit account from which a member may withdraw for his or her own benefit without the consent of another person, for any obligation owed to the domestic credit union by that member or for any loan cosigned or guaranteed by that member. A domestic credit union does not have a lien on any individual retirement account or other account permitting tax deferrals or providing other tax benefits under state or federal law. A domestic credit union may refuse to allow a withdrawal from any account on which it has a lien if the member is delinquent in any outstanding obligation to the domestic credit union at the time of the withdrawal.

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

490.362 Dividend; declaration; payment; rate; amount.

Sec. 362. A credit union board may declare and pay a dividend on shares from current or accumulated net earnings, or both, but only after providing for required reserves, accrued and unpaid expenses, and established loan and lease losses. A domestic credit union may pay a dividend on partial or full shares and may pay the dividend at differing levels and at differing intervals based on the type of share accounts owned by a member, the liquidation priority of the share accounts, and the balances of the member's share accounts. A domestic credit union may determine the rate and amount of a dividend before the end of the dividend period involved. A domestic credit union shall not pay a dividend if payment would result in the insolvency of the domestic credit union.

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

490.363 Payment to general administrator or executor of deceased out-of-state resident.

Sec. 363. (1) If a deceased individual who resided in another state or country owns a share or deposit account in a domestic credit union, the credit union may pay all or part of the balance of the account to the special or general administrator or executor appointed in the state or country where the account holder resided at the time of death if the administrator or executor provides both of the following to the credit union:

(a) Authenticated copies of the letter or order of appointment authorizing him or her to collect, receive, and remove assets of the estate of the decedent.

(b) An affidavit by the administrator or executor that he or she is the representative of the estate of the decedent, that no proceeding is pending in any state with respect to the question of domicile of the decedent, and that to his or her knowledge and belief no letters or orders of appointment are outstanding in this state, no proceeding is pending in this state for the appointment of a fiduciary for the estate in this state, and there are no creditors of the estate in this state.

(2) A credit union that makes a payment to an administrator or executor under this section after receiving the affidavit and authenticated copies described in subsection (1) is released and discharged from liability to the same extent as if the credit union made the payment to a legally qualified resident executor or administrator.

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