

CREDIT UNION ACT (EXCERPT)
Act 215 of 2003

490.405 Pledging domestic credit union assets as collateral security; limitations.

Sec. 405.

(1) A domestic credit union shall not give preference to any member or depositor by pledging the assets of the domestic credit union as collateral security for purposes of accepting the funds or money of any county, city, village, township, school district, or community college district. With written consent of the commissioner, a domestic credit union may pledge assets of the domestic credit union in an amount not in excess of 10% of its total shares and deposits for the purpose of securing any of the following:

(a) Shares or deposits belonging to the United States or belonging to or administered by an officer, instrumentality, or agent of the United States, shares or deposits of estates being administered by a federal court under federal bankruptcy laws, and any other shares or deposits if required or permitted to do so under the laws of the United States or an order of a federal court.

(b) Shares or deposits acquired or made with surplus funds of this state held by the state treasurer.

(c) Shares or deposits belonging to the Mackinac bridge authority, a political subdivision of this state under 1950 (Ex Sess) PA 21, MCL 254.301 to 254.304.

(d) Shares or deposits of the international bridge authority, a political subdivision of this state under 1954 PA 99, MCL 254.221 to 254.240.

(e) Shares owned or funds on deposit under 1941 PA 205, MCL 252.51 to 252.64.

(f) Shares or deposits belonging to the Michigan employment security commission.

(g) Shares or deposits acquired or made by the Michigan state housing development authority with funds constituting proceeds of the sale of the authority's notes and bonds and repayments of the notes and bonds under the state housing development authority act of 1966, 1966 PA 346, MCL 125.1401 to 125.1499c.

(2) The requirements, restrictions, and limitations imposed by subsection (1) do not apply to the pledging of obligations of the United States, direct or fully guaranteed, or both, for the purpose of securing shares or deposits owned by the United States when such shares or deposits are established coincidentally with the purchase of obligations of the United States by or through any domestic credit union.

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