



Ohio Revised Code Section 1733.37 Liquidation.

Effective: April 14, 2006

Legislation: House Bill 81 - 126th General Assembly

(A) If it appears that any credit union is bankrupt or insolvent, that its shares are impaired, that it has violated this chapter or rules adopted by the superintendent of credit unions, or that it is operating in an unsafe or unsound manner, or if the credit union is experiencing a declining trend in its financial condition and a majority of its board of directors, by resolution, requests the issuance of an order under this division, the superintendent may issue an order revoking the credit union's articles of incorporation and appointing a liquidating agent to liquidate the credit union in accordance with this section.

(B) A credit union under order to liquidate or in the course of liquidation, shall continue in existence for the purpose of discharging its debts, collecting and distributing its assets, and doing all acts required in order to wind up its business, and may sue and be sued for the purpose of enforcing such debts and obligations until its affairs are fully adjusted. The board of directors, or in the case of involuntary dissolution, the liquidating agent, shall use the assets of the credit union to pay: first, expenses incidental to liquidation, including any surety bond that may be required; second, any liability due nonmembers; third, redemption of shares and share accounts. Assets then remaining shall be distributed to the members proportionately to the purchase price of shares held by each member as of the date dissolving was voted.

(C) As soon as the board or the liquidating agent determines that all assets from which there is a reasonable expectancy of realization have been liquidated and distributed as set forth in this section, it shall execute a certificate of dissolution on a form prescribed by the superintendent of credit unions and submit the certificate to the secretary of state who shall, after filing or recording and indexing, forward evidence of the filing to the superintendent, whereupon the credit union shall be dissolved.

(D) If the articles of a credit union have been canceled for cause, or if a credit union has filed a certificate of dissolution or has indicated an intention to file such certificate, and the directors and officers of the credit union, in the opinion of the superintendent, are not conducting the liquidation



proceedings in an expeditious, orderly, and efficient manner or in the best interest of its members, the superintendent may terminate the liquidation proceedings and issue an order appointing a liquidating agent to liquidate the credit union in accordance with this section. Such liquidating agent shall furnish bond for the faithful discharge of the liquidating agent's duties in an amount to be approved by the superintendent.

(E) The liquidating agent may, under such rules as the superintendent prescribes:

(1) Receive and take possession of the books, records, assets, and property of every description of the credit union in liquidation; sell, enforce collection of, and liquidate all such assets and property; compound all bad or doubtful debts, sue in the name of the credit union in liquidation, and defend such actions as are brought against the liquidating agent in the capacity as liquidating agent or against the credit union;

(2) Receive, examine, and pass upon all claims against the credit union in liquidation, including claims of members;

(3) Make distribution and payment to creditors and members as their interests appear;

(4) Execute such documents and papers and do other acts that the liquidating agent deems necessary or desirable to discharge official duties.

(F) The expenses incurred by the liquidating agent in the liquidation of the credit union include the compensation of the liquidating agent and any other necessary or proper expenses connected therewith, all of which shall be paid in order of priority out of the property of the credit union in the hands of the liquidating agent. Expenses of liquidation, including the compensation of the liquidating agent, are subject to approval by the superintendent unless such agent is appointed by the court. In no event shall the total of the expenses exceed ten per cent of the assets of the credit union existing at the date of the appointment of the liquidating agent, nor shall the compensation of such agent exceed five per cent of assets upon that date or five thousand dollars, whichever is the lesser amount.

(G) Subject to the prior approval of the superintendent, a credit union may enter into a purchase and assumption agreement to purchase any of the assets or assume any of the liabilities of a credit union



for which a liquidating agent has been appointed by order of the superintendent in accordance with this section. All persons, associations, and select groups eligible for membership in the credit unions that are parties to the purchase and assumption agreement shall be deemed to have a common bond of association. The assumption of the field of membership may be restricted, as specified in the purchase and assumption agreement.