

SENATE BILL No. 503

June 28, 1989, Introduced by Senators VAUGHN, CONROY, FESSLER, CHERRY, GEO. HART, V. SMITH, IRWIN, O'BRIEN and FAXON and referred to the Committee on Government Operations.

A bill to amend section 606 of Act No. 307 of the Public Acts of 1980, entitled
"Savings and loan act of 1980,"
as amended by Act No. 106 of the Public Acts of 1987, being section 491.606 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 606 of Act No. 307 of the Public Acts of
2 1980, as amended by Act No. 106 of the Public Acts of 1987, being
3 section 491.606 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 606. An association or a federal association may con-
6 tract for the issuance of the following types of savings
7 accounts, which may be subject to the transaction charges as the
8 association's board prescribes:

1 (a) Accounts pursuant to which the association is trustee or
2 custodian within the contemplation of the self-employed
3 individuals tax retirement act of 1962, Public Law 87-792, 76
4 Stat. 809, and the employee retirement income security act of
5 1974, Public Law 93-406, 88 Stat. 829, and as trustee, custodi-
6 an, or manager of an investment fund the authorized investments
7 of which includes, savings accounts or real estate loans, and the
8 beneficial interests which may be represented by transferable
9 shares or certificates. An association exercising the limited
10 trust powers provided in this subdivision shall keep separate
11 books and records of the detailed transactions made for each dis-
12 tinct investment fund held in a fiduciary capacity and for each
13 beneficial owner's interest in the fund, and may commingle the
14 investment funds held in a fiduciary capacity for purposes of
15 investment. A fund held in a fiduciary capacity shall not be
16 used by an association in the conduct of its business, although
17 the funds may be invested in savings accounts of the association
18 if the trust, plan, or other governing instrument does not pro-
19 hibit that investment. In the exercise of the trust powers
20 authorized by this subdivision, an association shall be exempt
21 from all other statutes of this state regulating trusts or
22 trustees.

23 (b) Accounts for issuance to federal, state, political sub-
24 division, or other governmental units or agencies or school dis-
25 tricts or authorities created by statute in connection with the
26 deposit of public or state money or federal taxes. Depositors of
27 public or state money or federal taxes shall not be considered

1 members of an association. An association or federal association
2 may contract with the depositor of public or state money or fed-
3 eral taxes to provide for the withdrawal of public or state money
4 or federal taxes without previous notice of withdrawal. An asso-
5 ciation or federal association, with the written consent of the
6 supervisor or pursuant to rules promulgated by the supervisor,
7 may pledge its assets in an amount not to exceed 10% of the
8 association's savings liability to secure deposits by or for the
9 credit of any of the following:

10 (i) The United States or any officer, instrumentality, or
11 agency of the United States.

12 (ii) The courts of the United States or any trustee or
13 receiver acting under authority granted by the courts of the
14 United States.

15 (iii) The state treasurer.

16 (iv) The G. MENNEN WILLIAMS Mackinac bridge authority.

17 (v) The international bridge authority.

18 (vi) The Michigan state housing development authority.

19 (vii) The Michigan employment security commission.

20 (c) Accounts pursuant to which the association may partici-
21 pate and implement a thrift or savings plan at a public or non-
22 public elementary or secondary school or institution of higher
23 education, a public or charitable institution caring for minors,
24 or an institution or facility engaged in housing or caring for
25 the aged or infirm. An association may accept deposits to the
26 savings accounts at the site of a school, institution, or
27 facility either by the association's own employees or by a

1 representative of the school, institution, or facility who is
2 designated as the association's agent for that purpose, without
3 prior approval by the supervisor.

4 (d) Accounts of the classification, in the form, and under
5 the terms and conditions as may be established, and which may
6 provide for the transfer of funds from the account to third par-
7 ties upon order or authorization, which third party transfer
8 orders or authorizations shall be nonnegotiable. An association
9 may provide that an order or authorization for withdrawal or
10 transfer of funds from an account to third parties may be nego-
11 tiable or transferable.

12 Section 2. This amendatory act shall not take effect unless
13 Senate Bill No. 497

14 of the 85th Legislature is enacted into law.