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SAVINGS BANK AMENDMENTS

House Bill 5907

Sponsor: Rep. Paul Wojno

House Bill 5908

Sponsor: Rep. Clark Bisbee

House Bill 5909

Sponsor: Rep. Alan Sanborn

Committee: Insurance and Financial
Services

Complete to 10-3-00

A SUMMARY OF HOUSE BILLS 5907-5909 AS INTRODUCED 6-20-00

Each of the bills would amend the Savings Bank Act (MCL 482.3102 et al.) to make a series of amendments that, generally speaking, correspond to provisions found in the Banking Code of 1999 (which took effect on March 1, 2000).

House Bill 5907 would place into the act new or revised definitions of “affiliate”, “bank”, “branch”, “dividend reinvestment plan”, “LLC member”, “net income”, “trust office”, and “Uniform Commercial Code” that are the same as, or similar to, the definitions of those terms in Section 1201 of the Banking Code of 1999.

House Bill 5908 would provide for examinations of savings banks every 18 months by the commissioner of the Office of Financial and Insurance Services (as found in Section 2202 of the Banking Code); and would put into the act provisions regarding supervisory fees, bureau confidentiality, and applications for commissioner approval of various activities that are similar to those found in the new Banking Code.

House Bill 5909 would make a large number of amendments to the Savings Bank Act, in most cases making provisions in that act similar to provisions in the new Banking Code. The bill’s sections, the corresponding sections of the Banking Code, and the general subject of the sections are as follows.

Section 303 corresponds to Section 3103 of the Banking Code. It would allow for a number of depository institutions to organize a special bank exclusively to serve the institutions and would allow depository institutions to organize a bank to engage exclusively in providing trust services and other services.

Section 313 corresponds to Section 3803 of the Banking Code and would revise provisions regarding the issuance of bank stock.

Section 307 corresponds to Section 3108 of the Banking Code. It would eliminate current capital requirements for the formation of a stock savings bank and instead require that a stock savings bank “have capital in an amount as the commissioner considers adequate”. Surplus requirements for the commencement of business would remain the same.

Section 314 corresponds to Section 3804 of the Banking Code and would address increases in capital stock by an institution.

Section 316 corresponds to Section 3806 of the Banking Code on the subject of the payment of dividends.

Section 321 corresponds to Section 3603 of the Banking Code and would spell out the circumstances under which a savings bank must provide the names and addresses of shareholders to requesting shareholders or groups of shareholders.

Section 322 corresponds to Section 3501 of the Banking Code. It contains provisions regarding the election of directors and provides for staggered terms. It also would allow a board of directors to meet either in person or electronically.

Section 324 corresponds to Section 3503 of the Banking Code and addresses dealings between a savings bank and an officer, director, manager, owner, employee, or agent of the savings bank.

Section 325 corresponds to Sections 3504 and 3505 of the Banking Code on the subject of the removal of directors and the liability of directors and officers for wrongdoing.

Section 326 corresponds to Sections 3904, 3905, and 3906 of the Banking Code and addresses the indemnification of directors, officers, employees, and agents.

Section 330a corresponds to Section 3909 of the Banking Code to specify that directors, officers, employees, and agents continue in their roles in a consolidated bank. (A consolidated bank is the entity that results when several banks consolidate. The participating banks are known as consolidating banks.)

Section 336 corresponds to Section 4106 of the Banking Code and addresses the sale of all of a bank’s assets.

Section 340 corresponds to Section 2201 of the Banking Code and specifies that the commissioner of the Office of Financial and Insurance Services can promulgate rules under the Administrative Procedures Act to implement and enforce the act.

Section 401 corresponds to Section 2204 of the Banking Code and would allow the commissioner to expand the powers of a savings bank by order or declaratory ruling rather than by rule.

Section 412 corresponds to Section 3713 of the Banking Code on the subject of the relocation of a savings bank's principal offices.

Section 417 corresponds to Sections 3711 and 3712 of the Banking Code and would alter the procedures by which savings banks can establish branches, including reducing the time for the commissioner to object to branching proposals from 60 days to 30 days.

Section 501 corresponds to Sections 3807 and 3808 of the Banking Code on the obligation to meet deficiencies and restore capital at impaired banks.

Section 703 corresponds to Section 3703 of the Banking Code on the liability of a consolidating organization.

Section 705 corresponds to Section 3705 of the Banking Code and allows consolidated organizations to operate branches and principal offices of consolidating organizations without notice to the state.

Sections 708 through 713 correspond to Sections 3708 to 3710 of the Banking Code on the subject of the conversion of institutions; for example, the conversion of a savings bank to a stock association. The bill generally would permit the conversions to take place with a majority vote of shareholders rather than a two-thirds vote as is required now. However, a two-thirds vote would be required for converting a mutual savings bank, whether state or federally chartered, to a stock savings bank.

Section 804 corresponds to Section 1107 of the Banking Code and would specify that all personal property of savings banks is exempt from taxation (as provided in the General Property Tax Act) and that all mortgages or other securities are exempt from all municipal and other taxes under state law.

Analyst: C. Couch

#This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.