

**SUBSTITUTE FOR
HOUSE BILL NO. 5909**

A bill to amend 1996 PA 354, entitled
"Savings bank act,"
by amending sections 303, 307, 313, 314, 316, 317, 321, 322, 324,
325, 326, 327, 328, 334, 335, 336, 401, 409, 412, 413, 417, 422,
428, 430, 432, 501, 508, 701, 703, 705, 706, 708, 709, 710, 711,
712, 713, 715, and 804 (MCL 487.3303, 487.3307, 487.3313,
487.3314, 487.3316, 487.3317, 487.3321, 487.3322, 487.3324,
487.3325, 487.3326, 487.3327, 487.3328, 487.3334, 487.3335,
487.3336, 487.3401, 487.3409, 487.3412, 487.3413, 487.3417,
487.3422, 487.3428, 487.3430, 487.3432, 487.3501, 487.3508,
487.3701, 487.3703, 487.3705, 487.3706, 487.3708, 487.3709,
487.3710, 487.3711, 487.3712, 487.3713, 487.3715, and 487.3804),
section 401 as amended by 1996 PA 422, section 422 as amended by
2000 PA 63, and section 508 as amended by 1997 PA 50, and by

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adding sections 330a, 711a, and 712a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 303. (1) ~~Any number of depository institutions may~~
2 ~~apply to incorporate a savings bank exclusively to serve deposi-~~
3 ~~tory institutions or their officers, directors, and employees.~~

4 ANY NUMBER OF DEPOSITORY INSTITUTIONS MAY APPLY TO ORGANIZE A
5 SAVINGS BANK EXCLUSIVELY TO SERVE DEPOSITORY INSTITUTIONS OR
6 THEIR OFFICERS, DIRECTORS, EMPLOYEES, AND AFFILIATES.

7 (2) ANY NUMBER OF DEPOSITORY INSTITUTIONS MAY APPLY TO ORGA-
8 NIZE A SAVINGS BANK TO ENGAGE EXCLUSIVELY IN PROVIDING TRUST
9 SERVICES AND OTHER SERVICES AS MAY BE AUTHORIZED BY ORDER OR
10 DECLARATORY RULING OF THE COMMISSIONER.

11 (3) A DEPOSITORY INSTITUTION MAY APPLY TO THE COMMISSIONER
12 FOR PERMISSION TO ORGANIZE A SAVINGS BANK UNDER THIS SECTION.
13 THE APPLICATION SHALL BE IN THE FORM PRESCRIBED BY THE COMMIS-
14 SIONER AND SET FORTH THE INFORMATION THE COMMISSIONER REQUIRES.

15 (4) ~~(2)~~ The commissioner shall examine the information
16 contained in the application and make any other investigation the
17 commissioner considers necessary pertaining to the organization
18 of the new savings bank. The commissioner shall issue to the
19 applicants, within the time period provided in section 214, writ-
20 ten notice of approval or disapproval of the application.

21 (5) ~~(3)~~ Except as otherwise provided by rule, a savings
22 bank organized under this section is not subject to the

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1 provisions of section 302, but shall comply with all other
2 provisions of this act.

3 (6) ~~(4)~~ The shares of stock of a stock savings bank orga-
4 nized under this section shall be owned exclusively by depository
5 institutions.

6 (7) ~~(5)~~ As used in this section, "applicant" means the
7 depository institutions making an application under this
8 section.

9 ~~(6) The commissioner may promulgate rules under the admin-
10 istrative procedures act of 1969, Act No. 306 of the Public Acts
11 of 1969, being sections 24.201 to 24.328 of the Michigan Compiled
12 Laws, to implement and enforce this section.~~

13 Sec. 307. (1) A stock savings bank organized under this act
14 shall have capital in an amount as the commissioner considers
15 adequate. ~~on the basis of the population of the area to be
16 served and the anticipated nature of the stock savings bank's
17 business but not less than \$100,000.00.~~

18 (2) This section does not apply if the new stock savings
19 bank is organized under section 706 for the sole purpose of
20 effecting its consolidation or merger with an existing bank or
21 association having its principal office in the same city or vil-
22 lage as the new stock savings bank and if upon completion of the
23 consolidation or merger a bank holding company becomes the owner
24 of all of the outstanding voting shares of the consolidated
25 organization. This section does apply to the consolidated
26 organization.

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1 (3) A stock savings bank shall not be authorized to commence
2 business until it has surplus of at least 20% of its capital.

3 ~~(4) A mutual savings bank shall not be authorized to com-~~
4 ~~mence business until an aggregate minimum dollar amount and~~
5 ~~number of savings accounts shall be subscribed for and paid in~~
6 ~~cash, as determined by the commissioner.~~ A MUTUAL SAVINGS BANK
7 SHALL NOT BE AUTHORIZED TO COMMENCE BUSINESS UNTIL:

8 (A) AN AGGREGATE MINIMUM DOLLAR AMOUNT AND NUMBER OF SAVINGS
9 ACCOUNTS SHALL BE SUBSCRIBED FOR AND PAID IN CASH, AS DETERMINED
10 BY THE COMMISSIONER.

11 (B) THE COMMISSIONER SHALL HAVE RECEIVED CONFIRMATION FROM
12 THE FEDERAL DEPOSIT INSURANCE CORPORATION THAT THE ACCOUNTS OF
13 THE MUTUAL SAVINGS BANK WILL BE INSURED BY THE FEDERAL DEPOSIT
14 INSURANCE CORPORATION.

15 (5) After organization each savings bank shall maintain ade-
16 quate total capital for the conduct of its business and the pro-
17 tection of its depositors. The total capital of a savings bank
18 shall be analyzed and appraised in relation to the character of
19 its management, the liquidity of assets, history of earnings and
20 of the retention of earnings, the potential volatility of the
21 deposit structure, ITS RISK MANAGEMENT, and the savings bank's
22 capacity to furnish the broadest service to the public.

23 (6) At all times a stock savings bank shall maintain surplus
24 in an amount which is equal to at least the amount of its capi-
25 tal, except as provided in subsection (3) as to the initial sur-
26 plus and except as provided in section 316 and shall not reduce
27 surplus without the approval of the commissioner.

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1 Sec. 313. ~~(1) There shall be issued to every shareholder~~
2 ~~in a savings bank, certificates of stock which shall be transfer-~~
3 ~~able on the books of the savings bank in a manner as provided in~~
4 ~~the bylaws or articles of incorporation. A transfer of stock~~
5 ~~shall not be valid against the savings bank, except with the con-~~
6 ~~sent of the board of directors, unless the registered holder of~~
7 ~~the stock is liable as principal debtor, surety, or otherwise to~~
8 ~~the savings bank for any debt which is due and unpaid.~~

9 ~~(2) If the registered holder of stock of a savings bank is~~
10 ~~liable to it as principal debtor, surety, or otherwise for a debt~~
11 ~~that is due and unpaid, the directors of the bank may sell a suf-~~
12 ~~ficient amount of the stock of the delinquent shareholder in the~~
13 ~~same manner and with the same effect as provided in section 501~~
14 ~~in the case of an unpaid assessment on the stock of the savings~~
15 ~~bank. This section does not prevent the savings bank from bring-~~
16 ~~ing proceedings to recover the entire amount of the indebtedness~~
17 ~~at any time before the sale or to recover the balance of the debt~~
18 ~~and costs after the proceeds of sale have been applied against~~
19 ~~the debt and costs or to recover the balance of the debt after~~
20 ~~the cancellation of the stock.~~

21 ~~(3) The rights of a savings bank in its stock under this~~
22 ~~section shall be subject to any pledge, sale, or other transfer~~
23 ~~of the stock that is made prior to the maturity of any indebted-~~
24 ~~ness of the registered holder of the stock to the savings bank~~
25 ~~and of that the savings bank has knowledge prior to the maturity,~~
26 ~~whether or not the stock was transferred on the books of the~~
27 ~~savings bank. Any stock of a savings bank that is pledged, sold,~~

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1 ~~or otherwise transferred prior to the maturity of any~~
2 ~~indebtedness of the registered holder of the stock to the savings~~
3 ~~bank and of which pledge, sale, or other transfer the savings~~
4 ~~bank has knowledge prior to the maturity, may be transferred on~~
5 ~~the books of the savings bank after the maturity without the con-~~
6 ~~sent of the board of directors of the savings bank.~~

7 ~~(4) The rights of a savings bank in its stock under this~~
8 ~~section, including the limitation on transferability if the reg-~~
9 ~~istered holder is liable to the savings bank for any debt that is~~
10 ~~due and unpaid, shall not be applicable with respect to any stock~~
11 ~~duly listed on any stock exchange.~~

12 ~~(5) Certificates issued shall state all of the following:~~

13 ~~(a) The name and location of the savings bank.~~

14 ~~(b) The name of the holder of record of the stock.~~

15 ~~(c) The number, par value, and class of shares that the cer-~~
16 ~~tificates represent.~~

17 ~~(d) If the savings bank issues stock of more than 1 class,~~
18 ~~the respective rights, preferences, privileges, voting rights,~~
19 ~~powers, restrictions, limitations, and qualifications of each~~
20 ~~class of stock issued shall be stated in full or in summary upon~~
21 ~~the front or back of the certificates or be incorporated by a~~
22 ~~reference to the articles of incorporation set forth on the front~~
23 ~~of the certificates.~~

24 ~~(e) If the stock is not listed on an exchange, that no~~
25 ~~transfer shall be valid against the savings bank so long as the~~
26 ~~registered holder is liable as principal debtor, surety, or~~

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1 ~~otherwise to the savings bank, except with the approval of the~~
2 ~~board of directors or except as otherwise provided in this act.~~

3 ~~(6) Every certificate issued shall be signed by the presi-~~
4 ~~dent or vice president and cashier or assistant cashier of the~~
5 ~~savings bank or by other officers as the bylaws of the savings~~
6 ~~bank shall provide and shall be sealed with the seal of the sav-~~
7 ~~ings bank.~~

8 ~~(7) Notwithstanding any law, if a share certificate is~~
9 ~~signed by a transfer agent or by a transfer agent and a regis-~~
10 ~~trar, the signature of any officers of the savings bank required~~
11 ~~on the stock or the seal of the savings bank may be made by~~
12 ~~facsimile. If an officer who has signed a share certificate or~~
13 ~~whose facsimile signature is used ceases to be an officer,~~
14 ~~whether because of death, resignation, or otherwise, before the~~
15 ~~certificate has been delivered by the savings bank, the certifi-~~
16 ~~cate may be adopted by the savings bank and delivered as though~~
17 ~~the person who signed it had not ceased to be an officer.~~

18 (1) EXCEPT AS PROVIDED IN SUBSECTION (2), THE SHARES OF A
19 SAVINGS BANK SHALL BE REPRESENTED BY CERTIFICATES OF STOCK THAT
20 SHALL BE ISSUED TO EVERY SHAREHOLDER AND TRANSFERABLE ON THE
21 BOOKS OF THE SAVINGS BANK IN A MANNER AS MAY BE PRESCRIBED IN THE
22 BYLAWS OR ARTICLES OF INCORPORATION. A TRANSFER OF STOCK SHALL
23 NOT BE VALID AGAINST THE SAVINGS BANK, EXCEPT WITH THE CONSENT OF
24 THE BOARD OF DIRECTORS, SO LONG AS THE REGISTERED HOLDER OF THE
25 STOCK IS LIABLE AS PRINCIPAL DEBTOR, SURETY, OR OTHERWISE TO THE
26 SAVINGS BANK FOR ANY DEBT WHICH IS DUE AND UNPAID.

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1 (2) UNLESS THE ARTICLES OF INCORPORATION OR BYLAWS PROVIDE
2 OTHERWISE, THE BOARD MAY AUTHORIZE THE ISSUANCE OF SOME OR ALL OF
3 THE SHARES OF ANY OR ALL OF ITS CLASSES OR SERIES OF STOCK WITH-
4 OUT CERTIFICATES IF WITHIN A REASONABLE TIME AFTER ISSUANCE OF A
5 SHARE WITHOUT A CERTIFICATE THE SAVINGS BANK PROVIDES THE SHARE-
6 HOLDER WITH A WRITTEN STATEMENT OF THE INFORMATION REQUIRED ON A
7 CERTIFICATE UNDER SUBSECTION (5). THE AUTHORIZATION SHALL NOT
8 HAVE ANY EFFECT ON SHARES ALREADY REPRESENTED BY CERTIFICATES
9 UNLESS THEY ARE SURRENDERED TO THE SAVINGS BANK.

10 (3) IF THE REGISTERED HOLDER OF STOCK OF A SAVINGS BANK IS
11 LIABLE TO THE SAVINGS BANK AS PRINCIPAL DEBTOR, SURETY OR OTHER-
12 WISE FOR ANY DEBT WHICH IS DUE AND UNPAID, THE DIRECTORS OF THE
13 SAVINGS BANK MAY SELL A SUFFICIENT AMOUNT OF THE STOCK OF THE
14 DELINQUENT SHAREHOLDER IN THE SAME MANNER AND WITH THE SAME
15 EFFECT AS PROVIDED IN SECTION 501. THIS SECTION DOES NOT PREVENT
16 THE SAVINGS BANK FROM BRINGING PROCEEDINGS TO RECOVER THE ENTIRE
17 AMOUNT OF THE INDEBTEDNESS AT ANY TIME BEFORE THE SALE OR TO
18 RECOVER THE BALANCE OF THE DEBT AND COSTS AFTER THE PROCEEDS OF
19 SALE HAVE BEEN APPLIED AGAINST THE DEBT AND COSTS OR TO RECOVER
20 THE BALANCE OF THE DEBT AFTER THE CANCELLATION OF THE STOCK.

21 (4) EXCEPT AS PROVIDED IN SECTION 501, THE RIGHTS OF A SAV-
22 INGS BANK IN ITS STOCK IN WHICH THE SHAREHOLDER IS LIABLE TO THE
23 BANK AS PRINCIPAL DEBTOR, SURETY, OR OTHERWISE IS SUBJECT TO ANY
24 PLEDGE, SALE, OR OTHER TRANSFER OF THE STOCK THAT IS MADE BEFORE
25 THE MATURITY OF AN INDEBTEDNESS OF THE REGISTERED HOLDER OF THE
26 STOCK TO THE SAVINGS BANK AND OF WHICH THE SAVINGS BANK HAS
27 KNOWLEDGE BEFORE THE MATURITY, WHETHER OR NOT THE STOCK WAS

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1 TRANSFERRED ON THE BOOKS OF THE SAVINGS BANK. ANY STOCK OF A
2 SAVINGS BANK THAT IS PLEDGED, SOLD, OR OTHERWISE TRANSFERRED
3 BEFORE THE MATURITY OF ANY INDEBTEDNESS OF THE REGISTERED HOLDER
4 OF THE STOCK TO THE SAVINGS BANK AND OF WHICH PLEDGE, SALE, OR
5 OTHER TRANSFER THE SAVINGS BANK HAS KNOWLEDGE BEFORE THE MATURI-
6 TY, MAY BE TRANSFERRED ON THE BOOKS OF THE SAVINGS BANK AFTER THE
7 MATURITY WITHOUT THE CONSENT OF THE BOARD OF DIRECTORS OF THE
8 SAVINGS BANK.

9 (5) THE RIGHTS OF A SAVINGS BANK IN ITS STOCK UNDER THIS
10 SECTION, INCLUDING THE LIMITATION ON TRANSFERABILITY IF THE REG-
11 ISTERED HOLDER IS LIABLE TO THE SAVINGS BANK FOR ANY DEBT THAT IS
12 DUE AND UNPAID, SHALL NOT BE APPLICABLE WITH RESPECT TO ANY STOCK
13 DULY LISTED ON ANY STOCK EXCHANGE.

14 (6) EACH CERTIFICATE ISSUED AFTER THE EFFECTIVE DATE OF THE
15 AMENDATORY ACT THAT ADDED SUBSECTION (8) SHALL STATE ALL OF THE
16 FOLLOWING:

17 (A) THE NAME AND ADDRESS OF THE PRINCIPAL OFFICE OF THE SAV-
18 INGS BANK.

19 (B) THE NAME OF THE HOLDER OF RECORD OF THE STOCK IT
20 REPRESENTS.

21 (C) THE NUMBER, PAR VALUE, CLASS, AND SERIES OF SHARES WHICH
22 THE CERTIFICATE REPRESENTS.

23 (D) THE RESPECTIVE VOTING, DISTRIBUTION, DIVIDEND, LIQUIDA-
24 TION, DISSOLUTION, AND OTHER RIGHTS, PREFERENCES, AND LIMITATIONS
25 OF THE STOCK ISSUED, WHICH INFORMATION SHALL BE STATED IN FULL OR
26 IN SUMMARY UPON THE FRONT OR BACK OF THE CERTIFICATE OR SHALL BE

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1 INCORPORATED BY A REFERENCE TO THE ARTICLES OF INCORPORATION SET
2 FORTH ON THE FRONT OF THE CERTIFICATE.

3 (E) IF THE STOCK IS NOT LISTED, THAT NO TRANSFER OF THE
4 STOCK SHALL BE VALID AGAINST THE SAVINGS BANK SO LONG AS THE REG-
5 ISTERED HOLDER IS LIABLE AS PRINCIPAL DEBTOR, SURETY, OR OTHER-
6 WISE TO THE SAVINGS BANK, EXCEPT WITH THE APPROVAL OF THE BOARD
7 OF DIRECTORS OR AS OTHERWISE PROVIDED IN THIS ACT.

8 (F) THE SIGNATURE OF THE PRESIDENT OR OTHER OFFICER AS PRO-
9 VIDED BY THE BYLAWS OF THE SAVINGS BANK AND, OPTIONALLY, THE SEAL
10 OF THE SAVINGS BANK.

11 (7) ALL OF THE FOLLOWING MAY BE A FACSIMILE:

12 (A) THE SIGNATURE OF A TRANSFER AGENT.

13 (B) THE SIGNATURE OF A REGISTRAR.

14 (C) THE SIGNATURE OF AN OFFICER OF THE SAVINGS BANK.

15 (D) THE SEAL OF THE SAVINGS BANK.

16 (8) IF AN OFFICER WHO HAS SIGNED A SHARE CERTIFICATE OR
17 WHOSE FACSIMILE SIGNATURE HAS BEEN USED ON A SHARE CERTIFICATE
18 CEASES TO BE AN OFFICER, WHETHER BECAUSE OF DEATH, RESIGNATION,
19 OR OTHERWISE, BEFORE THE CERTIFICATE HAS BEEN DELIVERED BY THE
20 SAVINGS BANK, THE CERTIFICATE, NEVERTHELESS, MAY BE ADOPTED BY
21 THE SAVINGS BANK AND DELIVERED AS THOUGH THE PERSON WHO SIGNED IT
22 OR WHOSE FACSIMILE SIGNATURE HAS BEEN USED ON THE STOCK HAD NOT
23 CEASED TO BE AN OFFICER.

24 Sec. 314. ~~(1) With the approval of the commissioner, and~~
25 ~~by a vote of shareholders owning 2/3 of each class of the stock~~
26 ~~entitled to vote, a savings bank may increase its capital stock~~
27 ~~to any sum approved by the commissioner, either by an increase in~~

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1 ~~the par value of the existing stock or by the issuance of new~~
2 ~~stock, including preferred stock.~~

3 ~~(2) An increase in capital is not valid until the whole~~
4 ~~amount of the increase is paid in and notice has been transmitted~~
5 ~~to the commissioner specifying the amount of the increase in cap-~~
6 ~~ital stock and that it has been duly paid in as a part of the~~
7 ~~capital of the savings bank.~~

8 ~~(3) The certificate shall be conclusive evidence that the~~
9 ~~stock has been duly and validly issued. In the case of the issu-~~
10 ~~ance of new stock, in voting upon the increase of capital stock,~~
11 ~~the shareholders entitled to vote shall have power, by the same~~
12 ~~statutory majority, to fix the value of, and the price at which~~
13 ~~the increase of the capital stock shall be subscribed and paid~~
14 ~~for by the shareholders, but not less than par, as well as the~~
15 ~~time and manner of the subscription and payment, and to authorize~~
16 ~~the directors to sell the capital stock.~~

17 ~~(4) Notwithstanding the provisions of this section, a sav-~~
18 ~~ings bank, with the approval of the commissioner and by a vote of~~
19 ~~shareholders owning 2/3 of each class of the stock entitled to~~
20 ~~vote, for the stated purpose of providing stock options for 1 or~~
21 ~~more employees, may increase its capital stock in an aggregate~~
22 ~~par value amount not to exceed at any 1 time 5% of the par value~~
23 ~~of its then outstanding common capital stock. The additional~~
24 ~~capital stock, when duly authorized, may be issued by the savings~~
25 ~~bank from time to time for such purpose but for no other purpose,~~
26 ~~as options are exercised and payment for the stock is received,~~
27 ~~free from any preemptive rights to subscribe for stock.~~

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1 (1) BY A VOTE OF SHAREHOLDERS OWNING 2/3 OF EACH CLASS OF
2 THE STOCK ENTITLED TO VOTE, A SAVINGS BANK MAY AMEND ITS ARTICLES
3 TO INCREASE ITS CAPITAL STOCK TO ANY SUM APPROVED BY THE COMMIS-
4 SIONER, EITHER BY AN INCREASE IN THE PAR VALUE OF AUTHORIZED
5 STOCK OR BY THE AUTHORIZATION OF NEW STOCK.

6 (2) AN INCREASE IN CAPITAL SHALL NOT BE VALID UNTIL THE
7 WHOLE AMOUNT OF THE INCREASE HAS BEEN PAID IN, NOTICE OF THE PAY-
8 MENT SIGNED BY AN OFFICER OF THE SAVINGS BANK HAS BEEN TRANSMIT-
9 TED TO THE COMMISSIONER, AND THE COMMISSIONER'S CERTIFICATE OF
10 APPROVAL HAS BEEN OBTAINED SPECIFYING THE AMOUNT OF THE INCREASE
11 IN CAPITAL AND THAT IT HAS BEEN DULY PAID IN AS A PART OF THE
12 CAPITAL OF THE SAVINGS BANK. THE CERTIFICATE SHALL BE CONCLUSIVE
13 EVIDENCE THAT THE STOCK HAS BEEN DULY AND VALIDLY ISSUED.

14 (3) IN THE CASE OF THE ISSUANCE OF NEW STOCK, IN VOTING UPON
15 THE INCREASE OF CAPITAL STOCK, 2/3 OF THE SHAREHOLDERS ENTITLED
16 TO VOTE SHALL HAVE POWER TO FIX THE VALUE OF, AND THE PRICE AT
17 WHICH THE STOCK SHALL BE SUBSCRIBED AND PAID FOR BY THE SHARE-
18 HOLDERS, BUT NOT LESS THAN PAR, AS WELL AS THE TIME AND MANNER OF
19 THE SUBSCRIPTION AND PAYMENT, AND TO AUTHORIZE THE DIRECTORS TO
20 SELL THE STOCK.

21 (4) NOTWITHSTANDING THIS SECTION, A SAVINGS BANK, WITH THE
22 APPROVAL OF THE COMMISSIONER AND BY A VOTE OF SHAREHOLDERS OWNING
23 2/3 OF EACH CLASS OF THE STOCK ENTITLED TO VOTE, FOR THE STATED
24 PURPOSE OF PROVIDING STOCK OPTIONS FOR 1 OR MORE EMPLOYEES OR
25 DIRECTORS, MAY INCREASE ITS CAPITAL STOCK IN AN AGGREGATE PAR
26 VALUE AMOUNT NOT TO EXCEED AT ANY 1 TIME 5% OF THE PAR VALUE OF
27 ITS THEN OUTSTANDING COMMON STOCK. THE ADDITIONAL STOCK, WHEN

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1 DULY AUTHORIZED, MAY BE ISSUED BY THE SAVINGS BANK FROM TIME TO
2 TIME FOR THIS PURPOSE BUT FOR NO OTHER PURPOSE, AS OPTIONS ARE
3 EXERCISED AND PAYMENT FOR THE STOCK IS RECEIVED, FREE FROM ANY
4 PREEMPTIVE RIGHTS TO SUBSCRIBE FOR STOCK.

5 Sec. 316. (1) The board of directors of a savings bank may
6 declare and pay dividends on the common stock of the savings bank
7 subject to the following restrictions:

8 (a) A cash dividend or dividend in kind shall not be
9 declared or paid unless the savings bank will have a surplus
10 amounting to not less than 20% of its capital after the payment
11 of the dividend.

12 (b) A cash dividend or dividend in kind shall not be
13 declared by any savings bank except out of net ~~profits~~ INCOME
14 then on hand after deducting all bad debts. Unless the debts are
15 well secured and in process of collection or the debts constitute
16 claims against solvent estates in probate, debts due the savings
17 bank on which interest is past due and unpaid for a period of 6
18 months shall be considered bad debts under this section.

19 (c) A cash dividend or dividend in kind shall not be
20 declared or paid until the cumulative dividends on preferred
21 stock, if any, have been paid in full or preferred shareholders
22 have waived their right to receive dividends.

23 (d) If the surplus of a savings bank is less than the amount
24 of its capital, before the declaration of a cash dividend or div-
25 idend in kind, it shall transfer to surplus not less than 10% of
26 its net ~~profits~~ INCOME of the preceding half-year in the case
27 of quarterly or semiannual dividends, or not less than 10% of its

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1 net ~~profits~~ INCOME of the preceding 2 consecutive half-year
2 periods in the case of annual dividends. For the purpose of this
3 section, an amount transferred to a ~~reserve account~~ FUND for
4 the retirement of preferred stock of ~~any~~ THE SAVINGS bank out
5 of its net ~~profits~~ INCOME for the periods is considered to be
6 additions to its surplus, if upon the retirement of the preferred
7 stock the amounts credited into the retirement ~~reserve~~ FUND may
8 then properly be carried to surplus. The savings bank is obli-
9 gated to credit to surplus the amounts transferred into the
10 retirement ~~reserve~~ FUND on account of the preferred stock as
11 the stock is retired.

12 (e) Notwithstanding the limitations of this section, a sav-
13 ings bank with the approval of the commissioner and by vote of
14 shareholders owning 2/3 of the stock entitled to vote may
15 increase its capital stock by declaration of a stock dividend on
16 the capital stock. After the increase the surplus of the bank
17 shall be at least equal to 20% of the capital stock as
18 increased. ~~The increase shall not be effective until a certifi-~~
19 ~~cate of the declaration of the dividend, signed by the president,~~
20 ~~vice president, cashier, or assistant cashier of the savings~~
21 ~~bank, has been transmitted to and approved by the commissioner.~~

22 (2) A savings bank may pay dividends on its preferred stock
23 at a rate as may be applicable without regard to the limitations
24 of this section.

25 (3) A holding company that owns common or preferred stock of
26 a savings bank may waive its right to receive dividends and any
27 payment in lieu of dividends.

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1 (4) DIVIDENDS PAID TO SHAREHOLDERS UNDER A DIVIDEND
2 REINVESTMENT PLAN SHALL BE SUBJECT TO THIS ACT REGARDING THE PAY-
3 MENT OF DIVIDENDS.

4 Sec. 317. (1) An annual meeting of the members of a mutual
5 savings bank shall be held at a time and place designated by or
6 in the manner provided in the bylaws.

7 (2) Special meetings of the members of a mutual savings bank
8 may be called at any time by the president or board of directors
9 or by the president, a vice president, or the secretary upon the
10 written request of members holding of record in the aggregate at
11 least 10% of the savings deposits of the savings bank. The writ-
12 ten request shall show the purposes of the meeting and shall be
13 delivered to the principal office of the mutual savings bank
14 addressed to the president.

15 (3) In the consideration of all questions requiring action
16 by the members of a mutual savings bank, each member shall be
17 entitled to ~~cast 1 vote for each \$100.00, or fraction of each~~
18 ~~\$100.00, of the withdrawal value of his or her deposit account.~~
19 ~~A member is not entitled to cast more than 1,000 votes, and votes~~
20 ~~shall not be cumulated for the election of directors.~~ THE NUMBER
21 OF VOTES SET FORTH IN THE SAVINGS BANK'S CHARTER. THE SAVINGS
22 BANK CHARTER MAY PROVIDE BETWEEN 1 AND 1,000 VOTES PER MEMBER AND
23 MAY FURTHER PROVIDE THAT EACH MEMBER SHALL BE PERMITTED TO CAST 1
24 VOTE FOR EACH \$100.00, OR FRACTION THEREOF, OF THE WITHDRAWAL
25 VALUE OF HIS OR HER DEPOSIT ACCOUNT.

26 (4) In order that a mutual savings bank may determine the
27 members entitled to notice of any meeting to vote, or entitled to

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1 receive a distribution or to exercise any rights in respect of
2 any other lawful action, the board of directors of the savings
3 bank may fix, in advance, a record date that is not more than 9
4 months or less than 6 months prior to the date of the meeting or
5 more than 9 months prior to any other action.

6 Sec. 321. (1) A stock savings bank shall keep and maintain
7 a stock ledger in which shall be correctly entered the name and
8 address of each shareholder of the savings bank, the number of
9 shares held by each, the date when the shareholder acquired the
10 shares, and the name of the transferor. The board of directors
11 of a savings bank may designate any corporation authorized by law
12 to act as transfer agent or registrar of shares of corporations,
13 to act as transfer agent or transfer agent and registrar of the
14 shares of the savings bank, but a corporation shall not be desig-
15 nated to act in both capacities at the same time.

16 (2) ~~Within 2 calendar weeks of a~~ UPON demand made by the
17 commissioner, a savings bank shall file with the commissioner a
18 list containing the name and address of each shareholder of the
19 savings bank together with the number of shares held by each
20 according to its records as of the close of business on the date
21 of issuance of the demand. ~~Within 2 calendar weeks of a demand~~
22 ~~made for proper cause by any shareholder being the record owner~~
23 ~~of at least 5% of the issued shares of the savings bank or on the~~
24 ~~demand for proper cause of any person representing any group who~~
25 ~~are the record owners of at least 5% of the issued shares of the~~
26 ~~savings bank, the savings bank shall prepare and furnish the~~
27 ~~requestor a list containing the name and address of each~~

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1 ~~shareholder of the savings bank together with the number of~~
2 ~~shares held by each according to its records as of the close of~~
3 ~~business on the date of receipt of the demand.~~

4 (3) WITHIN 2 CALENDAR WEEKS OF ANY DEMAND MADE FOR A PURPOSE
5 REASONABLY RELATED TO THE REQUESTER'S INTEREST AS A SHAREHOLDER
6 OR AS A REPRESENTATIVE OF A GROUP OF SHAREHOLDERS BY ANY SHARE-
7 HOLDER BEING THE RECORD OWNER OF AT LEAST 5% OF THE ISSUED SHARES
8 OF THE SAVINGS BANK OR BY ANY PERSON REPRESENTING ANY GROUP WHO
9 ARE THE RECORD OWNERS OF AT LEAST 5% OF THE ISSUED SHARES OF THE
10 SAVINGS BANK, THE SAVINGS BANK SHALL PREPARE AND FURNISH THE
11 REQUESTOR A LIST CONTAINING THE NAME AND ADDRESS OF EACH SHARE-
12 HOLDER OF THE SAVINGS BANK TOGETHER WITH THE NUMBER OF SHARES
13 HELD BY EACH ACCORDING TO ITS RECORDS AS OF THE CLOSE OF BUSINESS
14 ON THE DATE OF RECEIPT OF THE DEMAND.

15 Sec. 322. (1) A savings bank shall be managed by a board of
16 not less than 5 nor more than 25 directors who shall be elected
17 in the first instance by the incorporators at a meeting held
18 before the savings bank is authorized to commence business and
19 afterwards at the annual meeting of the members or shareholders.
20 If for any reason an election is not held at the annual meeting,
21 then the election shall be held at any subsequent meeting called
22 for that purpose of which notice is given as provided in the
23 bylaws of the savings bank. The board of directors may fill a
24 vacancy that occurs in the board by death, resignation, or other-
25 wise for the ~~current year~~ UNEXPIRED TERM. Subject to limita-
26 tions as to numbers, the shareholders or members may elect
27 directors not to exceed 2 less than the full board and the

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1 unfilled directorships shall be considered as vacancies and
2 filled by the board of directors. Directors shall hold office
3 until their successors are elected and have qualified.

4 (2) THE BYLAWS OF THE SAVINGS BANK SHALL PROVIDE FOR THE
5 SHAREHOLDER ELECTION OF DIRECTORS IN 1 OF THE FOLLOWING METHODS:

6 (A) THE SHAREHOLDERS ANNUALLY MAY ELECT THE FULL BOARD OF
7 DIRECTORS.

8 (B) THE SHAREHOLDERS ANNUALLY MAY ELECT A BOARD OF DIRECTORS
9 WITH NOT MORE THAN 2 UNFILLED DIRECTORSHIPS. THE UNFILLED DIREC-
10 TORSHIPS ARE CONSIDERED VACANCIES TO BE FILLED BY THE BOARD OF
11 DIRECTORS.

12 (C) THE SHAREHOLDERS MAY ELECT DIRECTORS WITH STAGGERED
13 TERMS OF OFFICE AS PROVIDED FOR IN SUBSECTION (3).

14 (3) THE ELECTION OF DIRECTORS WITH STAGGERED TERMS OF OFFICE
15 SHALL BE PROVIDED FOR IN THE BYLAWS OF THE SAVINGS BANK AS
16 FOLLOWS:

17 (A) THAT THE DIRECTORS WILL BE DIVIDED INTO 2 OR 3 CLASSES,
18 EACH TO BE AS NEARLY EQUAL IN NUMBER AS POSSIBLE.

19 (B) THE TERM OF OFFICE OF DIRECTORS IN THE FIRST CLASS SHALL
20 EXPIRE AT THE FIRST ANNUAL MEETING OF SHAREHOLDERS AFTER THEIR
21 ELECTION, THAT OF THE SECOND CLASS SHALL EXPIRE AT THE SECOND
22 ANNUAL MEETING AFTER THEIR ELECTION, AND THAT OF THE THIRD CLASS,
23 IF ANY, SHALL EXPIRE AT THE THIRD ANNUAL MEETING AFTER THEIR
24 ELECTION.

25 (C) AT EACH ANNUAL MEETING AFTER THE CLASSIFICATION ESTAB-
26 LISHED UNDER SUBDIVISION (B), A NUMBER OF DIRECTORS EQUAL TO THE
27 NUMBER OF THE CLASS WHOSE TERM EXPIRES AT THE TIME OF THE MEETING

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1 SHALL BE ELECTED TO HOLD OFFICE UNTIL THE SECOND SUCCEEDING
2 ANNUAL MEETING IF THERE ARE 2 CLASSES, OR UNTIL THE THIRD SUC-
3 CEEDING ANNUAL MEETING IF THERE ARE 3 CLASSES.

4 (4) ~~-(2)-~~ The board of directors shall meet not less than 6
5 times per year, IN PERSON OR BY MEANS OF ELECTRONIC COMMUNICATION
6 DEVICES THAT ENABLE ALL PARTICIPANTS IN A MEETING TO COMMUNICATE
7 WITH EACH OTHER, for the purpose of carrying out their duties
8 under this act. The directors shall designate the savings bank's
9 chief executive officer at the first board of directors meeting
10 of each fiscal year. The board shall keep and record minutes of
11 each meeting. The minutes shall be signed by the presiding offi-
12 cer and the secretary of the meeting. A majority of the board of
13 directors constitutes a quorum for the transaction of business.

14 (5) ~~-(3)-~~ The commissioner may call a meeting of the board
15 of directors of a savings bank by giving a notice of the time,
16 place, and purpose of the meeting at least 3 days prior to the
17 meeting to the directors either by personal service, registered
18 mail sent to their last known addresses as shown by the books of
19 the savings bank, or publication at least once in each week for 4
20 consecutive weeks prior to the meeting.

21 Sec. 324. ~~-(1) A savings bank may contract for or purchase~~
22 ~~from a director, or from a firm of which the director is a~~
23 ~~member, securities or other property when the purchase is made in~~
24 ~~the regular course of business upon terms not less favorable to~~
25 ~~the savings bank than those offered by others, or when the pur-~~
26 ~~chase is authorized by a majority of the board of directors not~~
27 ~~interested in the sale of the securities or property. If a~~

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~~1 director, or firm of which the director is a member, acting for
2 or on behalf of others, sells securities or other property to a
3 savings bank, the commissioner may require a full disclosure to
4 be made on forms prescribed by the commissioner of all commis=
5 sions or other considerations received. Whenever a director or
6 firm sells securities or other property to the savings bank, the
7 commissioner may require full disclosure of all profits realized
8 from the sale.~~

~~9 (2) A savings bank may sell securities or other property to
10 a director, or to a firm of which the director is a member, in
11 the regular course of business on terms not more favorable to the
12 director or firm than those offered to others, when the sale is
13 authorized by a majority of the board of directors of a savings
14 bank. This section shall not be construed as authorizing a sav=
15 ings bank to purchase or sell securities or other property that
16 the savings bank is not otherwise authorized by law to purchase
17 or sell.~~

~~18 (1) A SAVINGS BANK MAY CONTRACT FOR, OR PURCHASE FROM, ANY
19 OF ITS DIRECTORS, OR FROM ANY PERSON OF WHICH ANY OF THE SAVINGS
20 BANK'S DIRECTORS IS AN OFFICER, DIRECTOR, MANAGER, OWNER, EMPLOY=
21 EE, OR AGENT, ANY SECURITIES OR OTHER PROPERTY, ONLY WHEN THE
22 PURCHASE IS MADE IN THE ORDINARY COURSE OF BUSINESS UPON TERMS
23 NOT LESS FAVORABLE TO THE SAVINGS BANK THAN THOSE OFFERED BY
24 OTHERS, AND THE PURCHASE IS AUTHORIZED BY A MAJORITY OF THE BOARD
25 OF DIRECTORS NOT INTERESTED IN THE SALE OF THE SECURITIES OR
26 PROPERTY EVIDENCED BY THEIR AFFIRMATIVE VOTE OR WRITTEN ASSENT.
27 IF A DIRECTOR, OR PERSON OF WHICH ANY DIRECTOR IS AN OFFICER,~~

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1 DIRECTOR, MANAGER, OWNER, EMPLOYEE, OR AGENT, ACTING FOR OR ON
2 BEHALF OF OTHERS, SELLS SECURITIES OR OTHER PROPERTY TO A SAVINGS
3 BANK, THE COMMISSIONER MAY REQUIRE A FULL DISCLOSURE TO BE MADE
4 OF ALL COMMISSIONS OR OTHER CONSIDERATIONS RECEIVED. IF A DIREC-
5 TOR OR PERSON, ACTING IN HIS, HER, OR ITS OWN BEHALF, SELLS
6 SECURITIES OR OTHER PROPERTY TO THE SAVINGS BANK, THE COMMIS-
7 SIONER MAY REQUIRE A FULL DISCLOSURE OF ALL PROFITS REALIZED FROM
8 THE SALE.

9 (2) A SAVINGS BANK MAY SELL SECURITIES OR OTHER PROPERTY TO
10 ANY OF ITS DIRECTORS, OR TO AN ENTITY OF WHICH ANY OF ITS DIREC-
11 TORS IS AN OFFICER, DIRECTOR, MANAGER, OWNER, EMPLOYEE, OR AGENT
12 IN THE ORDINARY COURSE OF BUSINESS ON TERMS NOT MORE FAVORABLE TO
13 THE DIRECTOR OR PERSON THAN THOSE OFFERED TO OTHERS, WHEN THE
14 SALE IS AUTHORIZED BY A MAJORITY OF THE BOARD OF DIRECTORS OF A
15 SAVINGS BANK EVIDENCED BY THEIR AFFIRMATIVE VOTE OR WRITTEN
16 ASSENT.

17 (3) THIS SECTION SHALL NOT BE CONSTRUED AS AUTHORIZING SAV-
18 INGS BANKS TO PURCHASE OR SELL SECURITIES OR OTHER PROPERTY THAT
19 SAVINGS BANKS ARE NOT OTHERWISE AUTHORIZED BY LAW TO PURCHASE OR
20 SELL.

21 Sec. 325. (1) A director or an officer of a savings bank
22 shall discharge the duties of his or her position in good faith
23 and with that degree of diligence, care, and skill that an ordi-
24 narily prudent person would exercise under similar circumstances
25 in a like position.

26 (2) In discharging his or her duties, a director or an
27 officer when acting in good faith may rely upon the opinion of

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1 legal counsel for the savings bank, upon the report of an
2 independent appraiser selected with reasonable care by the board
3 or by an officer of the savings bank, or upon financial state-
4 ments of the savings bank represented to him or her to be correct
5 by the president or the officer of the savings bank having charge
6 of its books of account, or as stated in a written report by an
7 independent public or certified public accountant or firm of
8 accountants fairly to reflect the financial condition of the sav-
9 ings bank.

10 (3) The articles of incorporation of a savings bank may con-
11 tain a provision providing that a director is not personally
12 liable to the savings bank or its shareholders or members for
13 monetary damages for a breach of the director's fiduciary duty.
14 The provision does not eliminate or limit the liability of a
15 director for any of the following:

16 (a) A breach of the director's duty of loyalty to the sav-
17 ings bank or its shareholders or members.

18 (b) Acts or omissions not in good faith or that involve
19 intentional misconduct or knowing violation of law.

20 (c) A violation of section 223.

21 (d) A transaction from which the director derived an
22 improper personal benefit.

23 (4) An action against a director or officer for failure to
24 perform the duties imposed by this section shall be commenced
25 within 3 years after the cause of action has accrued, or within 2
26 years after the time when the cause of action is discovered, or

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1 should reasonably have been discovered, by the complainant,
2 whichever occurs first.

3 (5) IF A DIRECTOR OR OFFICER OF A SAVINGS BANK KNOWINGLY
4 VIOLATES, OR KNOWINGLY PERMITS ANY OF THE AGENTS, OFFICERS,
5 DIRECTORS, OR EMPLOYEES OF THE SAVINGS BANK TO VIOLATE, THIS ACT,
6 RULES PROMULGATED UNDER THIS ACT, OR AN ORDER OR DECLARATORY
7 RULING OF THE COMMISSIONER, EVERY DIRECTOR AND OFFICER WHO PAR-
8 TICIPATED IN OR ASSENTED TO THE VIOLATION SHALL BE HELD LIABLE IN
9 HIS OR HER PERSONAL AND INDIVIDUAL CAPACITY FOR ALL DAMAGES THAT
10 THE SAVINGS BANK, ANY SHAREHOLDER, OR ANY OTHER PERSON SUSTAINS
11 AS A RESULT OF THE VIOLATION. AN ACTION TO RECOVER DAMAGES UNDER
12 THIS SECTION SHALL BE BROUGHT WITHIN 3 YEARS FROM THE TIME OF THE
13 VIOLATION.

14 (6) THE SHAREHOLDERS MAY REMOVE 1 OR MORE DIRECTORS WITH OR
15 WITHOUT CAUSE UNLESS THE ARTICLES PROVIDE THAT DIRECTORS MAY BE
16 REMOVED ONLY FOR CAUSE. THE VOTE FOR REMOVAL SHALL BE BY A
17 MAJORITY OF SHARES ENTITLED TO VOTE AT AN ELECTION OF DIRECTORS,
18 EXCEPT THAT THE ARTICLES MAY REQUIRE A HIGHER VOTE FOR REMOVAL
19 WITHOUT CAUSE. THIS SUBSECTION SHALL NOT INVALIDATE ANY BYLAW
20 ADOPTED BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
21 ADDED THIS SUBSECTION THAT APPLIES TO REMOVAL WITHOUT CAUSE.

22 (7) IN THE CASE OF A SAVINGS BANK HAVING CUMULATIVE VOTING,
23 IF LESS THAN THE ENTIRE BOARD IS TO BE REMOVED, A DIRECTOR SHALL
24 NOT BE REMOVED IF THE VOTES CAST AGAINST HIS OR HER REMOVAL WOULD
25 BE SUFFICIENT TO ELECT HIM OR HER IF THEN CUMULATIVELY VOTED AT
26 AN ELECTION OF THE ENTIRE BOARD OF DIRECTORS, OR, IF THERE ARE

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1 CLASSES OF DIRECTORS, AT AN ELECTION OF THE CLASS OF DIRECTORS OF
2 WHICH HE OR SHE IS A PART.

3 (8) IF HOLDERS OF A CLASS OR SERIES OF STOCK ARE ENTITLED BY
4 THE ARTICLES TO ELECT 1 OR MORE DIRECTORS, THIS SECTION APPLIES,
5 WITH RESPECT TO REMOVAL OF A DIRECTOR SO ELECTED, TO THE VOTE OF
6 THE HOLDERS OF THE OUTSTANDING SHARES OF THAT CLASS OR SERIES OF
7 STOCK.

8 Sec. 326. (1) A savings bank may indemnify a person who was
9 or is a party or is threatened to be made a party to a threat-
10 ened, pending, or completed action, suit, or proceeding, whether
11 civil, criminal, administrative, or investigative and whether
12 formal or informal, other than an action by or in the right of
13 the savings bank, or by reason of the fact that he or she is or
14 was a director, officer, employee, or agent of the savings bank
15 or is or was serving at the request of the savings bank as a
16 director, officer, partner, trustee, employee, or agent of
17 another financial institution, foreign or domestic corporation,
18 partnership, joint venture, trust, or other enterprise, whether
19 for profit or not, against expenses, including attorneys' fees,
20 judgments, penalties, fines, and amounts paid in settlement actu-
21 ally and reasonably incurred by him or her in connection with the
22 action, suit, or proceeding if the person acted in good faith and
23 in a manner he or she reasonably believed to be in and not
24 opposed to the best interests of the savings bank or its members
25 or shareholders, and in a criminal action or proceeding, if the
26 person had no reasonable cause to believe his or her conduct was
27 unlawful. The termination of an action, suit, or proceeding by

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1 judgment, order, settlement, or conviction, or upon a plea of
2 nolo contendere or its equivalent, does not create a presumption
3 that the person did not act in good faith and in a manner that he
4 or she reasonably believed to be in and not opposed to the best
5 interests of the savings bank or its members or shareholders, and
6 in a criminal action or proceeding create a presumption that the
7 person had reasonable cause to believe that his or her conduct
8 was unlawful.

9 (2) A savings bank may indemnify a person who was or is a
10 party to or is threatened to be made a party to any threatened,
11 pending, or completed action or suit by or in the right of the
12 savings bank to procure a judgment in its favor or by reason of
13 the fact that he or she is or was a director, officer, PARTNER,
14 TRUSTEE, employee, or agent of the savings bank or is or was
15 serving at the request of the savings bank as a director, offi-
16 cer, partner, trustee, employee, or agent of another financial
17 institution, foreign or domestic corporation, partnership, joint
18 venture, trust, or other enterprise, whether for profit or not,
19 against expenses, including actual and reasonable attorneys' fees
20 and amounts paid in settlement ACTUALLY AND REASONABLY incurred
21 by the person in connection with the action or suit if the person
22 acted in good faith and in a manner the person reasonably
23 believed to be in and not opposed to the best interests of the
24 savings bank or its shareholders or members. Indemnification
25 shall not be made for a claim, issue, or matter in which the
26 person has been found liable to the savings bank ~~unless the~~
27 ~~court in which the action or suit was brought has determined upon~~

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1 ~~application that the person is fairly and reasonably entitled to~~
2 ~~indemnification for the expenses that the court considers proper~~
3 EXCEPT AS AUTHORIZED IN SUBSECTION (3).

4 (3) A DIRECTOR, OFFICER, EMPLOYEE, OR AGENT OF THE SAVINGS
5 BANK WHO IS A PARTY OR THREATENED TO BE MADE A PARTY TO AN
6 ACTION, SUIT, OR PROCEEDING MAY APPLY FOR INDEMNIFICATION TO THE
7 COURT CONDUCTING THE PROCEEDING OR TO ANOTHER COURT OF COMPETENT
8 JURISDICTION. ON RECEIPT OF AN APPLICATION, THE COURT AFTER
9 GIVING ANY NOTICE IT CONSIDERS NECESSARY MAY ORDER INDEMNIFICA-
10 TION IF IT DETERMINES THAT THE PERSON IS FAIRLY AND REASONABLY
11 ENTITLED TO INDEMNIFICATION IN VIEW OF ALL THE RELEVANT CIRCUM-
12 STANCES, WHETHER OR NOT HE OR SHE MET THE APPLICABLE STANDARD OF
13 CONDUCT SET FORTH IN THIS SECTION OR WAS ADJUDGED LIABLE, BUT IF
14 HE OR SHE WAS ADJUDGED LIABLE, HIS OR HER INDEMNIFICATION IS
15 LIMITED TO REASONABLE EXPENSES INCURRED.

16 Sec. 327. (1) To the extent that a director, officer,
17 employee, or agent of a savings bank has been successful on the
18 merits or otherwise in defense of an action, suit, or proceeding
19 described in section 326, or in defense of any claim, issue, or
20 matter in the action, suit, or proceeding, he or she shall be
21 indemnified against expenses, including actual and reasonable
22 attorneys' fees, incurred by him or her in connection with the
23 action, suit, or proceeding and an action, suit, or proceeding
24 brought to enforce the mandatory indemnification provided by this
25 act.

26 (2) An indemnification under section 326, unless ordered by
27 a court, shall be made by the savings bank only as authorized in

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1 the specific case upon a determination that indemnification of
2 the director, officer, employee, or agent is proper in the cir-
3 cumstances because he or she has met the applicable standard of
4 conduct set forth in section 326. This determination shall be
5 made by any of the following:

6 (a) A majority vote of a quorum of the board consisting of
7 directors who were not parties to the action, suit, or
8 proceeding.

9 (b) If the quorum described in subdivision (a) is not
10 obtainable, then by a majority vote of a committee of directors
11 who are not parties to the action. The committee shall consist
12 of not less than 2 disinterested directors.

13 (c) Independent legal counsel in a written opinion.

14 (d) The shareholders or members.

15 (3) If a person is entitled to indemnification under section
16 326 for a portion of expenses, including ACTUAL AND REASONABLE
17 attorneys' fees, judgments, penalties, fines, and amounts paid in
18 settlement, but not for the total amount of the expenses, the
19 savings bank may indemnify the person for the portion of the
20 expenses, judgments, penalties, fines, or amounts paid in settle-
21 ment for which the person is entitled to be indemnified.

22 Sec. 328. ~~Expenses incurred in defending a civil or crimi-~~
23 ~~nal action, suit, or proceeding described in section 326 may be~~
24 ~~paid by the savings bank in advance of the final disposition of~~
25 ~~the action, suit, or proceeding upon receipt of an undertaking by~~
26 ~~or on behalf of the director, officer, employee, or agent to~~
27 ~~repay the expenses if it is ultimately determined that the person~~

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1 ~~is not entitled to be indemnified by the savings bank. The~~
2 ~~undertaking shall be by unlimited general obligation of the~~
3 ~~person on whose behalf advances are made but need not be~~
4 ~~secured.~~ A SAVINGS BANK MAY PAY OR REIMBURSE THE REASONABLE
5 EXPENSES INCURRED BY A DIRECTOR, OFFICER, EMPLOYEE, OR AGENT WHO
6 IS A PARTY OR THREATENED TO BE MADE A PARTY TO AN ACTION, SUIT,
7 OR PROCEEDING DESCRIBED IN THIS SECTION IN ADVANCE OF THE FINAL
8 DISPOSITION OF THE ACTION, SUIT, OR PROCEEDING IF ALL OF THE FOL-
9 LOWING APPLY:

10 (A) THE PERSON FURNISHES THE SAVINGS BANK A WRITTEN AFFIRMA-
11 TION OF HIS OR HER GOOD FAITH BELIEF THAT HE OR SHE HAS MET THE
12 APPLICABLE STANDARD OF CONDUCT SET FORTH IN THIS SECTION.

13 (B) THE PERSON FURNISHES THE SAVINGS BANK A WRITTEN UNDER-
14 TAKING EXECUTED PERSONALLY OR ON HIS OR HER BEHALF TO REPAY THE
15 ADVANCE IF IT IS ULTIMATELY DETERMINED THAT HE OR SHE DID NOT
16 MEET THE STANDARD OF CONDUCT. THE UNDERTAKING SHALL BE BY UNLIM-
17 ITED GENERAL OBLIGATION OF THE PERSON ON WHOSE BEHALF ADVANCES
18 ARE MADE BUT NEED NOT BE SECURED.

19 (C) A DETERMINATION IS MADE THAT THE FACTS THEN KNOWN TO
20 THOSE MAKING THE DETERMINATION WOULD NOT PRECLUDE INDEMNIFICATION
21 UNDER THIS ACT.

22 SEC. 330A. FOR PURPOSES OF THIS SECTION AND SECTIONS 326,
23 327, 328, 329, 330, AND 332, A PERSON WHO IS OR WAS A DIRECTOR,
24 OFFICER, EMPLOYEE, OR AGENT OF A DEPOSITORY INSTITUTION ABSORBED
25 IN A CONSOLIDATION OR MERGER OR IS OR WAS SERVING AT THE REQUEST
26 OF THE DEPOSITORY INSTITUTION AS A DIRECTOR, OFFICER, PARTNER,
27 TRUSTEE, EMPLOYEE, OR AGENT OF ANOTHER DEPOSITORY INSTITUTION,

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1 FOREIGN OR DOMESTIC CORPORATION, PARTNERSHIP, JOINT VENTURE,
2 TRUST, OR OTHER ENTERPRISE, WHETHER FOR PROFIT OR NOT, SHALL HOLD
3 THE SAME POSITION WITH RESPECT TO THE CONSOLIDATED BANK AS HE OR
4 SHE WOULD IF HE OR SHE HAD SERVED THE CONSOLIDATED BANK IN THAT
5 CAPACITY.

6 Sec. 334. (1) ~~—A—~~ EXCEPT AS PROVIDED IN SUBSECTION (2), A
7 savings bank that commences voluntary liquidation proceedings
8 under section 333 shall continue to be a body corporate for the
9 further term of THE LESSER OF 3 years from the commencement of
10 the proceedings OR THE DATE THE CERTIFICATE IS ISSUED UNDER SEC-
11 TION 333(8) for the purpose of prosecuting and defending actions
12 for or against the savings bank and to enable it gradually to
13 settle and close its affairs, to dispose of and convey its prop-
14 erty, and to divide its assets but not for the purpose of con-
15 tinuing the business for which it was organized.

16 (2) With respect to an action, suit, or proceeding begun or
17 commenced by or against the savings bank prior to the commence-
18 ment of voluntary liquidation proceedings, and with respect to
19 any action, suit, or proceeding begun or commenced by the savings
20 bank within 3 years after the commencement of voluntary liquida-
21 tion proceedings, the savings bank shall be continued as a body
22 corporate ~~beyond the 3-year period and~~ until any judgments,
23 orders, or decrees are fully executed.

24 (3) If the number of directors of a savings bank that has
25 commenced voluntary liquidation proceedings is less than the full
26 number of directors required or authorized by statute or by the
27 bylaws of the savings bank for any reason, a majority of the

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1 remaining surviving directors or the sole surviving director —,
2 ~~during the period of 3 years,~~ shall possess the same powers in
3 acting for the savings bank under this section as the duly autho-
4 rized board of directors of the savings bank possessed before the
5 commencement of voluntary liquidation proceedings. ~~or during the~~
6 ~~term of 3 years.~~

7 (4) A savings bank in liquidation under the laws of this
8 state ~~may~~ SHALL NOT continue to be a body corporate for
9 ~~further terms upon application to the commissioner. Extensions~~
10 ~~shall be from year to year at the discretion of the commissioner~~
11 ~~until the liquidation is completed~~ THE PURPOSE OF CONTINUING THE
12 BUSINESS FOR WHICH IT WAS ORGANIZED.

13 Sec. 335. (1) A savings bank whose term will expire by lim-
14 itation, at any time preceding the expiration of such term, by
15 amendment of its articles, may extend its corporate term for a
16 limited period of time or in perpetuity.

17 (2) A savings bank whose term has expired, but which has not
18 been wound up or dissolved and which has nevertheless inadver-
19 tently continued its active business beyond such term, may renew
20 its corporate existence by amendment of its articles with the
21 consent of at least ~~4/5~~ 2/3 of its members or the holders of at
22 least ~~4/5~~ 2/3 of ~~its capital stock~~ THE OUTSTANDING SHARES.
23 The officers and directors de facto shall do and perform all
24 things required of officers and directors de jure as respects
25 calling a special meeting of the shareholders and submitting to
26 them the question of renewing the corporate existence.

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1 (3) ~~No~~ A savings bank de facto shall NOT be permitted to
2 renew its corporate life unless the action is taken within 3
3 years after its term has expired and renewal does not relieve the
4 savings bank from any penalties that may have accrued against it
5 under any law of this state.

6 (4) A savings bank whose term has been extended or renewed
7 shall be the same savings bank and have the same members, share-
8 holders, directors, and officers, enjoy all the rights, privi-
9 leges, immunities, and powers, and be subject to all the liabili-
10 ties that it respectively possessed and was subject to before the
11 extension or renewal of its existence.

12 Sec. 336. ~~(1) With the approval of the commissioner based~~
13 ~~upon an examination of either the buying or selling organization,~~
14 ~~or both, and upon the affirmative vote of a majority of the mem-~~
15 ~~bers of its board of directors and 2/3 of its members or the~~
16 ~~holders of 2/3 of its stock entitled to vote, a savings bank may~~
17 ~~do either or both of the following:~~

18 ~~(a) Sell all or substantially all of its assets of every~~
19 ~~kind, character, and description, including, but not limited to,~~
20 ~~its goodwill and corporate franchises to another savings bank,~~
21 ~~bank, out-of-state bank, national bank, or association.~~

22 ~~(b) Purchase all or substantially all of the assets of every~~
23 ~~kind, character, and description, including, but not limited to,~~
24 ~~the goodwill and corporate franchises and assume the liabilities~~
25 ~~of another savings bank, bank, out-of-state bank, national bank,~~
26 ~~or association.~~

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1 ~~(2) The consideration for a purchase and sale under this~~
2 ~~section may include shares of stock of the purchasing savings~~
3 ~~bank, bank, out-of-state bank, national bank, or association. A~~
4 ~~purchase and sale shall not be made to defeat or defraud any of~~
5 ~~the creditors of the organizations.~~

6 ~~(3) Certified copies of all members', shareholders', and~~
7 ~~directors' proceedings under this section shall be filed with the~~
8 ~~commissioner and contain in detail the particulars relating to~~
9 ~~the sale and purchase, including a copy of the agreement of sale~~
10 ~~and purchase.~~

11 (1) WITH THE APPROVAL OF THE COMMISSIONER, BASED UPON AN
12 EXAMINATION OR OTHER APPROPRIATE ANALYSIS OF EITHER THE BUYING OR
13 SELLING ORGANIZATION, OR BOTH, AND UPON THE AFFIRMATIVE VOTE OF A
14 MAJORITY OF THE MEMBERS OF ITS BOARD OF DIRECTORS AND 2/3 OF ITS
15 MEMBERS OR THE HOLDERS OF 2/3 OF ITS STOCK ENTITLED TO VOTE, A
16 SAVINGS BANK MAY DO EITHER OR BOTH OF THE FOLLOWING:

17 (A) SELL ALL OR SUBSTANTIALLY ALL OF ITS ASSETS OF EVERY
18 KIND, CHARACTER, AND DESCRIPTION AND ASSIGN ITS LIABILITIES TO
19 ANY DEPOSITORY INSTITUTION.

20 (B) PURCHASE ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF EVERY
21 KIND, CHARACTER, AND DESCRIPTION AND ASSUME THE LIABILITIES OF
22 ANOTHER DEPOSITORY INSTITUTION.

23 (2) THE CONSIDERATION FOR A PURCHASE AND SALE UNDER THIS
24 SECTION MAY INCLUDE SHARES OF STOCK OF THE PURCHASING BANK,
25 OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK.

26 (3) A PURCHASE AND SALE SHALL NOT BE MADE TO DEFEAT OR
27 DEFRAUD ANY OF THE CREDITORS OF THE DEPOSITORY INSTITUTIONS.

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1 (4) CERTIFIED COPIES OF ALL SHAREHOLDERS' AND DIRECTORS'
2 PROCEEDINGS UNDER THIS SECTION SHALL BE SUBMITTED TO THE COMMIS-
3 SIONER AND SHALL CONTAIN THE TERMS OF THE SALE AND PURCHASE,
4 INCLUDING A COPY OF THE AGREEMENT OF SALE AND PURCHASE.

5 (5) THE LIABILITY OF A DEPOSITORY INSTITUTION OR OF ITS
6 SHAREHOLDERS, DIRECTORS, OR OFFICERS, OR THE RIGHTS OF CREDITORS
7 OF, OR OTHER PERSONS TRANSACTING BUSINESS WITH, THE DEPOSITORY
8 INSTITUTION SHALL NOT BE LESSENEED OR IMPAIRED AS THE RESULT OF A
9 SALE OF ASSETS UNDER THIS SECTION.

10 (6) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, A SAV-
11 INGS BANK THAT PURCHASES OR ASSUMES ALL OR SUBSTANTIALLY ALL OF
12 THE ASSETS OR LIABILITIES OF A DEPOSITORY INSTITUTION MAY RETAIN,
13 MAINTAIN, AND OPERATE THE PRINCIPAL OFFICE OR BRANCHES OF THE
14 DEPOSITORY INSTITUTION AS BRANCHES OF THE PURCHASING SAVINGS BANK
15 WITHOUT PROVIDING NOTICE TO THE COMMISSIONER PROVIDED IT ASSUMES
16 THE DEPOSIT LIABILITIES OF THE DEPOSITORY INSTITUTION MAINTAINED
17 AT THE PRINCIPAL OFFICE OR BRANCHES.

18 Sec. 401. (1) Except as otherwise provided by this act, a
19 savings bank may engage in the business of banking and exercise
20 all powers incidental to the business of banking or which further
21 or facilitate the purposes of a savings bank. A savings bank has
22 all the powers conferred by this act and granted by rule, order,
23 or declaratory ruling of the commissioner, including, but not
24 limited to, all of the following powers:

25 (a) To have a corporate seal, that may be altered, and to
26 use the seal, or a facsimile of it, by having it impressed,
27 affixed, or reproduced in any manner.

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1 (b) To have succession in perpetuity or for a limited period
2 of time, as fixed by its articles or until its affairs are
3 finally wound up by liquidation, forfeiture, or dissolution as
4 provided by this act.

5 (c) To make contracts.

6 (d) To sue and be sued, complain, and defend in its corpo-
7 rate name as fully as a natural person.

8 (e) To elect or appoint directors who shall appoint from
9 their members a president who shall perform duties as may be des-
10 ignated by the board, and who shall serve as the chairperson of
11 the board, unless the board designates another director to be
12 chairperson in lieu of the president. The board may appoint
13 officers as the board considers necessary, who need not be mem-
14 bers of the board, define their duties, dismiss at pleasure, and
15 appoint other officers to fill vacancies.

16 (f) To make, alter, amend, and repeal bylaws not inconsis-
17 tent with its articles or with law for the administration and
18 regulation of the affairs of the savings bank.

19 (g) To have and exercise the powers and means appropriate to
20 effect the purpose for which the savings bank is incorporated.

21 (h) To make investments permitted by this act and those
22 investments permitted by order or declaratory ruling of the
23 commissioner.

24 (i) To make contributions and donations for the public wel-
25 fare or for religious, charitable, scientific, or educational
26 purposes, and, in connection with the contributions and
27 donations, establish and operate charitable trusts.

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1 (j) To purchase, take, lease as lessee, or otherwise acquire
2 and to own, hold, and use, to sell, lease as lessor, pledge,
3 grant a security interest in, convey, or otherwise dispose of
4 personal property in connection with the exercise of a power
5 granted by this act.

6 (k) To act as agent of the United States or of an instrumen-
7 tality or agency of the United States, or of a state, for the
8 sale or issue of bonds, notes, or other obligations of the United
9 States, or of a state and to act as a fiscal agent of the United
10 States, a state, or as a treasury tax and loan depository and
11 perform all reasonable duties in those capacities as may be pre-
12 scribed or required by regulation of the secretary of the trea-
13 sury of the United States, or of the treasurer of a state, and to
14 take other action as may be necessary or proper to enable the
15 savings bank to act under this subdivision.

16 (l) To become a member of the federal reserve system, to
17 hold shares of stock in a federal reserve bank, to take all
18 actions incident to its membership, and to exercise all powers,
19 not inconsistent with the provisions of this act, conferred on
20 member banks by the federal reserve act.

21 (m) To become an insured bank under the federal deposit
22 insurance act, and to take actions incident to an insured status
23 under that act.

24 (n) To become a member and buy and hold stock of the federal
25 home loan bank as defined in section 2 of the federal home loan
26 bank act, chapter 522, 47 Stat. 725, 12 U.S.C. 1422, and to
27 exercise those powers conferred upon a federal home loan bank

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1 member by the federal home loan bank that are consistent with
2 this act.

3 (o) To sell mortgage loans to the federal national mortgage
4 association, the federal home loan mortgage corporation, and the
5 government national mortgage association, or successors of the
6 associations, or any other secondary market loan purchaser and,
7 in connection with these associations, to make payments of capi-
8 tal contributions, required by law, in the nature of subscrip-
9 tions for stock of an association or successor of the associa-
10 tion, to receive stock evidencing the capital contributions, and
11 to hold or dispose of the stock.

12 (p) To conduct its business through subsidiaries, at the
13 same location or a location different from the savings bank. A
14 subsidiary may engage in all activities and make all investments
15 permitted for a savings bank by this act or by rule, order, or
16 declaratory ruling of the commissioner, except that a subsidiary
17 may not accept deposits or engage in trust activities unless spe-
18 cifically authorized by the commissioner or by another statute of
19 this state. In addition, a subsidiary may engage in activities
20 specifically permitted for subsidiaries by order or declaratory
21 ruling of the commissioner. Except upon written approval of the
22 commissioner, a savings bank shall not be a general partner in a
23 subsidiary.

24 (q) To engage in any aspect of the insurance and surety
25 business as an agent, broker, solicitor, or insurance counselor
26 as provided under the insurance code of 1956, ~~Act No. 218 of the~~
27 ~~Public Acts of 1956, being sections 500.100 to 500.8302 of the~~

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1 ~~Michigan Compiled Laws~~ 1956 PA 218, MCL 500.100 TO 500.8302, and
2 to own an insurance agency in whole or in part as provided under
3 ~~Act No. 218 of the Public Acts of 1956~~ THE INSURANCE CODE OF
4 1956, 1956 PA 218, MCL 500.100 TO 500.8302.

5 (r) To give its bond in a proceeding in any court in which
6 it is a party or upon an appeal in a proceeding, and to pledge
7 assets as security for the bond.

8 (s) Notwithstanding any provision of this act, to acquire
9 and hold property, or a security interest in property, as protec-
10 tion against loss on an evidence of indebtedness, on an agreement
11 for the payment of money, or on an investment security previously
12 acquired lawfully and in good faith, subject to disposition of
13 property within a period of 60 months after the date of acquisi-
14 tion, or a longer period as the commissioner may approve.

15 (t) To service loans for others and to receive a fee for the
16 service.

17 (u) To execute and deliver guarantees as may be incidental
18 or usual in carrying on the business of banking.

19 (v) To make, sell, purchase, arrange, participate in, invest
20 in, or otherwise deal in loans or extensions of credit for con-
21 sumer purposes, which are unsecured or secured by liens or inter-
22 ests in personal property or real estate.

23 (w) To make, sell, purchase, arrange, participate in, invest
24 in, or otherwise deal in loans or extensions of credit for agri-
25 cultural, business, corporate, or commercial purposes, which are
26 unsecured or secured by liens or interests in personal property
27 or real estate.

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1 (x) To borrow money from any source, assign or pledge any of
2 its assets or properties as collateral security subject to limi-
3 tations stated in section 508, and issue its notes, bonds, and
4 other obligations.

5 (y) To make deposits in a bank organized solely for the pur-
6 pose of providing banking services to financial institutions.

7 (z) To own and operate a messenger service or to own or
8 invest in an entity that operates a messenger service.

9 (aa) To conduct business using electronic information pro-
10 cessing, including the electronic processing and execution of
11 transactions between a savings bank and its customers and a sav-
12 ings bank and other depository institutions.

13 (bb) To establish and operate a loan production office or
14 loan production offices within this state and outside this state
15 as permitted by section 418.

16 (cc) To contract with a person or entity to act as an agent
17 in an agency office, as permitted by section ~~417(6)~~ 417.

18 (dd) To enter into principal and agent relationships with
19 affiliated depository institutions. A savings bank or an affili-
20 ated depository institution in its capacity as an agent under
21 this subsection may do all of the following:

22 (i) Receive deposits.

23 (ii) Permit withdrawals of deposits.

24 (iii) Renew time deposits.

25 (iv) Close loans.

26 (v) Service loans.

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- 1 (vi) Receive loan payments.
- 2 (vii) Engage in any activity specifically authorized by this
3 act or by order or declaratory ruling of the commissioner.
- 4 (ee) To sell money orders, travel checks, cashier's checks,
5 and similar instruments drawn by it on its accounts or as agent
6 for any organization empowered to sell the instruments through
7 agents within this state.
- 8 (ff) To guarantee the signatures of customers and others.
- 9 (gg) To operate a safe and collateral deposit company or
10 department under section 428.
- 11 (hh) To engage directly in the real estate brokerage busi-
12 ness as provided under article 25 of the occupational code, ~~Act~~
13 ~~No. 299 of the Public Acts of 1980, being sections 339.2501 to~~
14 ~~339.2518 of the Michigan Compiled Laws~~ 1980 PA 299, MCL 339.2501
15 TO 339.2518, and section 409.
- 16 (ii) To own in whole or in part a real estate brokerage
17 business as provided under ~~Act No. 299 of the Public Acts of~~
18 ~~1980~~ ARTICLE 25 OF THE OCCUPATIONAL CODE, 1980 PA 299,
19 MCL 339.2501 TO 339.2518, and section 409.
- 20 (jj) To issue securities in the form of bonds, notes, debentures,
21 and other evidence of indebtedness.
- 22 (2) ~~The commissioner may promulgate rules under section~~
23 ~~208, or issue declaratory rulings, or issue orders, permitting~~
24 ~~savings banks to exercise powers not authorized by this act. It~~
25 ~~is intended that this subsection shall vest in the commissioner~~
26 ~~the discretion and authority to authorize savings banks to~~
27 ~~exercise all powers appropriate and necessary to compete with~~

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1 ~~other depository financial institutions and other providers of~~
2 ~~financial services. In the exercise of the discretion permitted~~
3 ~~by this subsection, the commissioner shall consider the ability~~
4 ~~of savings banks to exercise any additional power in a safe and~~
5 ~~sound manner, the authority of state and national banks, associa-~~
6 ~~tions, and state and federal credit unions, operating under state~~
7 ~~or federal law or regulation, the powers of other competing enti-~~
8 ~~ties providing financial services in this state, and any specific~~
9 ~~limitations on powers contained in this act or in any other state~~
10 ~~law. On at least a quarterly basis, the commissioner shall give~~
11 ~~notice to all savings banks of rules promulgated, or declaratory~~
12 ~~rulings or determinations, or orders, issued under this~~
13 ~~subsection.~~ THE COMMISSIONER MAY AUTHORIZE BY ORDER OR DECLARA-
14 TORY RULING A SAVINGS BANK TO EXERCISE FURTHER POWERS CONSISTENT
15 WITH THE SAFE AND SOUND CONDUCT OF THE BUSINESS OF BANKING OR OF
16 A BUSINESS RELATED OR INCIDENTAL TO BANKING AS ARE GRANTED BY THE
17 LAWS OF THE UNITED STATES OR OF ANY STATE OR POLITICAL SUBDIVI-
18 SION OF THE UNITED STATES TO FINANCIAL SERVICE PROVIDERS.

19 Sec. 409. (1) A savings bank that engages directly in the
20 real estate brokerage business or owns in whole or in part a real
21 estate brokerage business shall provide written notice of its
22 licensure as a real estate broker or its ownership of a real
23 estate brokerage business to the commissioner within 10 days of
24 licensure or ownership. The notice required by this subsection
25 shall include the name and business address of the real estate
26 brokerage.

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1 (2) A savings bank that engages directly in the real estate
2 brokerage business or owns in whole or in part a real estate
3 brokerage business shall not do any of the following:

4 (a) Impose a requirement, verbally or in writing, that a
5 borrower must contract for or enter into any other arrangement
6 for real estate brokerage services with a particular real estate
7 broker.

8 (b) Impose a requirement, verbally or in writing, that as a
9 condition of approving a loan a borrower shall contract or enter
10 into any other arrangement for real estate brokerage services.

11 (c) Impose a requirement, verbally or in writing, that a
12 real estate brokerage customer shall make application for a loan
13 or any other service or services of a particular savings bank or
14 any of its subsidiaries, agencies, or service entities.

15 (d) Impose a requirement, verbally or in writing, that a
16 condition of providing real estate brokerage services is that the
17 customer shall make an application for a loan or any other
18 arrangement for other services of the savings bank or any of its
19 subsidiaries, agencies, or services entities.

20 (e) Offer or provide more favorable consideration, terms, or
21 conditions for any financial products or services to induce or
22 attempt to induce a person to enter into any arrangement for real
23 estate brokerage services with any particular real estate
24 broker.

25 (f) Offer or provide more favorable terms or conditions for
26 any real estate brokerage services to induce or attempt to induce
27 a person to apply for a loan or obtain any other services of a

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1 particular savings bank or any of its subsidiaries, agencies, or
2 service entities.

3 (g) Any other activity prohibited by order or declaratory
4 ruling of the commissioner.

5 (3) A savings bank that engages directly in the real estate
6 brokerage business or owns in whole or in part a real estate bro-
7 kerage business under this section shall clearly disclose in
8 writing to any person who applies for credit related to a real
9 estate transaction or applies for prequalification or preapproval
10 for credit related to a real estate transaction, that the person
11 is not required to contract for or enter into an arrangement for
12 real estate brokerage services with a particular real estate
13 broker. Compliance with the disclosure requirements of this sub-
14 section shall not be necessary when a person applies for credit
15 or prequalification for credit solely for the purpose of refi-
16 nancing an existing indebtedness.

17 (4) A real estate brokerage that is affiliated with a sav-
18 ings bank shall clearly disclose in writing, before the time an
19 agency agreement for real estate brokerage services is executed,
20 that the person is not required to apply, contract for, or enter
21 into any other arrangement for services of a particular savings
22 bank or any of its subsidiaries, agencies, or service entities.

23 (5) The requirements of subsections (3) and (4) do not apply
24 when the person has been given the ~~controlled~~ AFFILIATED busi-
25 ness arrangement disclosure statement required by the real estate
26 settlement procedures act of 1974, Public Law 93-533,
27 88 Stat. 1724.

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1 (6) If the commissioner finds that a savings bank has
2 violated this section, the commissioner may issue an order
3 requiring the savings bank to cease and desist the activity that
4 violates this section. If the commissioner additionally finds
5 that the violation was knowingly committed, the commissioner may
6 order any of the following:

7 (a) A civil fine of not more than \$500.00 for each violation
8 but not to exceed an aggregate civil penalty of \$10,000.00.

9 (b) That restitution be made to a customer for actual dam-
10 ages directly attributable to the acts that are found to be a
11 violation of this section.

12 (7) An action under this section shall not be brought more
13 than 3 years after the occurrence of the violation that is the
14 basis of the action.

15 Sec. 412. ~~Upon written notice to the commissioner, a sav-~~
16 ~~ings bank may change the location of its main office to any~~
17 ~~existing branch location of the savings bank within the limits of~~
18 ~~the city, village, or township in which the savings bank is~~
19 ~~located. With the prior written approval of the commissioner, a~~
20 ~~savings bank may change the location of its principal office to~~
21 ~~any other location within this state.~~

22 (1) UPON PRIOR WRITTEN NOTICE TO THE COMMISSIONER, A SAVINGS
23 BANK MAY CHANGE THE LOCATION OF ITS PRINCIPAL OFFICE TO ANY
24 EXISTING BRANCH LOCATION OF THE SAVINGS BANK WITHIN THIS STATE.

25 (2) UNLESS THE COMMISSIONER OBJECTS IN WRITING WITHIN 60
26 DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM THE SAVINGS BANK OF ITS
27 INTENT TO RELOCATE ITS PRINCIPAL OFFICE, A SAVINGS BANK MAY

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1 CHANGE THE LOCATION OF ITS PRINCIPAL OFFICE TO ANY OTHER LOCATION
2 WITHIN THIS STATE WHICH IS NOT AN EXISTING BRANCH LOCATION OF THE
3 SAVINGS BANK. THE COMMISSIONER MAY ISSUE A WRITTEN STATEMENT OF
4 INTENT NOT TO OBJECT AT ANY TIME BEFORE EXPIRATION OF THE 60
5 DAYS.

6 Sec. 413. (1) A savings bank shall not engage in any trans-
7 action with respect to shares of the capital stock of any corpo-
8 ration unless specifically authorized by this act or by the com-
9 missioner under section 401 or 410.

10 (2) A savings bank may purchase and sell securities and
11 stock upon the order of and for the account of a customer without
12 recourse.

13 (3) A savings bank shall not make any loan or discount on
14 the security of the shares of its own capital stock, unless the
15 security is necessary to prevent loss upon a debt previously con-
16 tracted in good faith.

17 (4) A savings bank may purchase or hold shares of its own
18 stock if ~~all~~ ANY of the following apply:

19 (a) The savings bank is holding shares previously purchased
20 until disposed of in compliance with an existing stock option
21 plan.

22 (b) The purchase or holding of the shares is necessary to
23 prevent loss upon a debt previously contracted in good faith.

24 (c) The commissioner gives written approval to the savings
25 bank to purchase or hold shares for its own account.

26 Sec. 417. ~~(1) Upon written notice to the commissioner, a~~
27 ~~savings bank may establish and operate 1 or more branches or~~

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1 ~~mobile branches within any state, the District of Columbia, or a~~
2 ~~territory or protectorate of the United States, unless the com-~~
3 ~~missioner objects in writing within 60 days after receipt of the~~
4 ~~written notice from the savings bank. The commissioner may issue~~
5 ~~to the savings bank a written statement of intent not to object.~~
6 ~~A savings bank may exercise at a branch in another state the~~
7 ~~powers consistent with the safe and sound conduct of the business~~
8 ~~of banking as authorized by order or declaratory ruling of the~~
9 ~~commissioner and granted by the laws of the state where the~~
10 ~~branch is located.~~

11 ~~(2) A branch of a savings bank, except for a mobile branch,~~
12 ~~shall not be moved from 1 location to another without 30 days'~~
13 ~~advance written notice to the commissioner.~~

14 ~~(3) Upon written notice to the commissioner, a savings bank~~
15 ~~may contract with 1 or more banks, out-of-state banks, national~~
16 ~~banks, associations, credit unions, or other savings banks to act~~
17 ~~as a branch of the savings bank, unless the commissioner objects~~
18 ~~in writing within 60 days after receipt of the written notice~~
19 ~~from the savings bank. The commissioner may issue to the savings~~
20 ~~bank a written statement of intent not to object that will have~~
21 ~~the same effect as a failure by the commissioner to object within~~
22 ~~the 60 days provided for under this subsection. This subsection~~
23 ~~shall not be construed to limit the powers granted to a savings~~
24 ~~bank under section 401(cc).~~

25 ~~(4) Upon written notice to the commissioner, 1 or more~~
26 ~~banks, out-of-state banks, national banks, associations, credit~~
27 ~~unions, or other savings banks, may contract with a savings bank~~

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1 ~~to act as a branch of the bank, out-of-state bank, national bank,~~
2 ~~association, credit union, or other savings bank, unless the com-~~
3 ~~missioner objects in writing within 60 days after receipt of the~~
4 ~~written notice from the bank, out-of-state bank, national bank,~~
5 ~~association, credit union, or other savings bank. The commis-~~
6 ~~sioner may issue to the depository institution a written state-~~
7 ~~ment of intent not to object that will have the same effect as a~~
8 ~~failure by the commissioner to object within the 60 days provided~~
9 ~~for under this subsection. This subsection shall not be con-~~
10 ~~strued to limit the powers granted to a savings bank under sec-~~
11 ~~tion 401(cc).~~

12 ~~(5) An out-of-state bank located in a state, the District of~~
13 ~~Columbia, or a territory or protectorate of the United States~~
14 ~~whose laws permit the establishment in that state, district, ter-~~
15 ~~ritory, or protectorate of a branch by a savings bank may estab-~~
16 ~~lish and operate 1 or more branches in this state.~~

17 (1) A SAVINGS BANK MAY ESTABLISH AND OPERATE A BRANCH OR
18 BRANCHES WITHIN ANY STATE, THE DISTRICT OF COLUMBIA, A TERRITORY
19 OR PROTECTORATE OF THE UNITED STATES, OR A FOREIGN COUNTRY,
20 UNLESS THE COMMISSIONER OBJECTS IN WRITING WITHIN 30 DAYS AFTER
21 RECEIPT OF A WRITTEN NOTICE FROM THE BANK OF ITS INTENT TO ESTAB-
22 LISH A BRANCH. THE COMMISSIONER MAY ISSUE A WRITTEN STATEMENT OF
23 INTENT NOT TO OBJECT AT ANY TIME BEFORE THE EXPIRATION OF THE 30
24 DAYS.

25 (2) THE WRITTEN NOTICE OF INTENT TO ESTABLISH A MOBILE
26 BRANCH SHALL CONTAIN A STATEMENT BY THE APPLYING SAVINGS BANK

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1 THAT IT INTENDS TO MOVE THE LOCATION OF THE PHYSICAL STRUCTURE OF
2 THE BRANCH FROM TIME TO TIME.

3 (3) EXCEPT FOR A MOBILE BRANCH, A BRANCH OF A BANK SHALL NOT
4 BE MOVED FROM 1 LOCATION TO ANOTHER WITHOUT PRIOR WRITTEN NOTICE
5 TO THE COMMISSIONER.

6 (4) UNLESS THE COMMISSIONER OBJECTS IN WRITING WITHIN 30
7 DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM A SAVINGS BANK OF ITS
8 INTENT TO CONTRACT FOR BRANCH SERVICES, A SAVINGS BANK MAY CON-
9 TRACT WITH 1 OR MORE BANKS, OUT-OF-STATE BANKS, NATIONAL BANKS,
10 ASSOCIATIONS, OR SAVINGS BANKS FOR THE DEPOSITORY INSTITUTION OR
11 INSTITUTIONS TO ACT AS BRANCHES TO PROVIDE SERVICES TO THE CUS-
12 TOMERS OF THE CONTRACTING SAVINGS BANK. THE COMMISSIONER MAY
13 ISSUE A WRITTEN STATEMENT OF INTENT NOT TO OBJECT AT ANY TIME
14 BEFORE THE EXPIRATION OF THE 30 DAYS. THIS SUBSECTION SHALL NOT
15 BE CONSTRUED TO LIMIT THE POWERS GRANTED TO A SAVINGS BANK UNDER
16 SECTION 401(CC).

17 (5) UNLESS THE COMMISSIONER OBJECTS IN WRITING WITHIN 30
18 DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM A CONTRACTING DEPOSI-
19 TORY INSTITUTION OF ITS INTENT TO CONTRACT FOR BRANCH SERVICES, 1
20 OR MORE OUT-OF-STATE BANKS, NATIONAL BANKS, ASSOCIATIONS, OR SAV-
21 INGS BANKS MAY CONTRACT WITH A SAVINGS BANK FOR THE SAVINGS BANK
22 TO PROVIDE SERVICES TO THE CUSTOMERS OF THE CONTRACTING
23 OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK.
24 THE COMMISSIONER MAY ISSUE A WRITTEN STATEMENT OF INTENT NOT TO
25 OBJECT AT ANY TIME BEFORE THE EXPIRATION OF THE 30 DAYS. THIS
26 SUBSECTION SHALL NOT BE CONSTRUED TO LIMIT THE POWERS GRANTED TO
27 A SAVINGS BANK UNDER SECTION 401(CC).

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1 (6) Upon 30 days' advance written notice to the
2 commissioner, a savings bank may contract with a person or entity
3 to act as an agent in an agency office. The written notice shall
4 include the name and address of the person or entity who will act
5 as agent for the savings bank, the location of the agency office,
6 when the agency office will be operational, and the activities in
7 which the agency office will initially be engaged. A savings
8 bank may perform any of the following activities through an
9 agency office:

10 (a) Accept a deposit to an existing account and record the
11 addition to the account or give other evidence of receipt as pre-
12 scribed by the savings bank.

13 (b) Accept a withdrawal form and such other evidence
14 required by the savings bank from an account holder for transmis-
15 sion to the main office or a branch office of the savings bank.

16 (c) Solicit and accept a new account. Evidence of account
17 ownership shall be issued only by authority of the main office or
18 a branch office of the savings bank. An agent may obtain signa-
19 ture cards from the savings bank for the account holder.

20 (d) Solicit and accept an application for a loan or for a
21 land contract purchase. The agent shall submit the application
22 to the main office or a branch of the savings bank for processing
23 and approval.

24 (e) Disburse withdrawn or loaned funds, upon approval of
25 each disbursement by the savings bank.

26 (f) Accept payment on a loan or on a land contract and issue
27 evidence of receipt as prescribed by the savings bank.

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1 (g) Any other services as approved by order or declaratory
2 ruling of the commissioner.

3 ~~(7) An agent in an agency office shall not possess an unis-~~
4 ~~sued or blank authenticated savings account passbook or certifi-~~
5 ~~cate or other evidence of account ownership.~~

6 (7) AN OUT-OF-STATE SAVINGS BANK OR FEDERAL SAVINGS BANK
7 LOCATED IN A STATE, THE DISTRICT OF COLUMBIA, OR A TERRITORY OR
8 PROTECTORATE OF THE UNITED STATES WHOSE LAWS PERMIT THE ESTAB-
9 LISHMENT IN THAT STATE, DISTRICT, TERRITORY, OR PROTECTORATE OF A
10 BRANCH BY A SAVINGS BANK MAY ESTABLISH AND OPERATE 1 OR MORE
11 BRANCHES IN THIS STATE.

12 (8) AN OUT-OF-STATE SAVINGS BANK MAY APPLY TO ORGANIZE A
13 BRANCH IN THIS STATE UNDER THIS ACT BY PROVIDING TO THE COMMIS-
14 SIONER PROOF THAT ITS DEPOSITS ARE INSURED BY AN AGENCY OF THE
15 UNITED STATES GOVERNMENT. IF THE COMMISSIONER DETERMINES THAT
16 THE OUT-OF-STATE SAVINGS BANK IS SAFE AND SOUND, THAT THE
17 OUT-OF-STATE SAVINGS BANK IS SUBJECT TO REGULATION, AND THAT
18 THERE EXISTS AN AGREEMENT FOR EXCHANGE OF SUPERVISORY INFORMATION
19 BETWEEN THE BUREAU AND THE OUT-OF-STATE SAVINGS BANK'S REGULATOR,
20 THE COMMISSIONER SHALL PROVIDE TO THE OUT-OF-STATE SAVINGS BANK A
21 CERTIFICATE OF ORGANIZATION AND ELIGIBILITY TO ACCEPT DEPOSITS
22 AND INVESTMENTS OF PUBLIC FUNDS OF THE STATE AND LOCAL UNITS OF
23 GOVERNMENT.

24 (9) PRIOR TO COMMENCING OPERATIONS AT A BRANCH IN THIS
25 STATE, AN OUT-OF-STATE SAVINGS BANK OR FEDERAL SAVINGS BANK SHALL
26 PROVIDE WRITTEN NOTICE TO THE COMMISSIONER OF THE NAME OF THE
27 INSTITUTION, THE STREET ADDRESS AND MAILING ADDRESS, IF

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1 DIFFERENT, OF THE INSTITUTION'S PRINCIPAL OFFICE, THE STREET
2 ADDRESS OF THE BRANCH OFFICE, AND THE DATE WHEN THE BRANCH IS TO
3 COMMENCE OPERATIONS IN THIS STATE.

4 (10) EACH SAVINGS BANK, OUT-OF-STATE SAVINGS BANK, AND FED-
5 ERAL SAVINGS BANK OPERATING IN THIS STATE SHALL DO BOTH OF THE
6 FOLLOWING:

7 (A) DESIGNATE AND MAINTAIN AN AGENT LOCATED IN THIS STATE
8 UPON WHOM PROCESS FOR JUDICIAL AND ADMINISTRATIVE MATTERS MAY BE
9 SERVED AND SHALL PROVIDE WRITTEN NOTICE CONTAINING THE NAME AND
10 ADDRESS OF ITS AGENT TO THE COMMISSIONER BEFORE COMMENCING OPERA-
11 TIONS IN THIS STATE.

12 (B) NOTIFY THE COMMISSIONER IN WRITING OF ANY CHANGE IN ITS
13 DESIGNATED AGENT OR THE AGENT'S ADDRESS WITHIN 10 DAYS FOLLOWING
14 THE EFFECTIVE DATE OF THE CHANGE.

15 (11) FOR PURPOSES OF THIS SECTION, THE DESIGNATED AGENT OF A
16 SAVINGS BANK OR A FEDERAL SAVINGS BANK IS ITS CHIEF EXECUTIVE
17 OFFICER.

18 (12) IF A SAVINGS BANK PERMANENTLY DISCONTINUES THE OPERA-
19 TIONS OF ANY BRANCH, ALL FUNCTIONS OF THE BRANCH SHALL BE CONSID-
20 ERED TRANSFERABLE TO, AND TREATED AS A PART OF, THE PRINCIPAL
21 OFFICE OF THE SAVINGS BANK.

22 (13) A SAVINGS BANK, OUT-OF-STATE SAVINGS BANK, OR FEDERAL
23 SAVINGS BANK SHALL NOTIFY THE COMMISSIONER IN WRITING BEFORE DIS-
24 CONTINUING OPERATIONS OF A BRANCH.

25 Sec. 422. (1) As used in this section:

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1 (a) "Banking office" means a main office or authorized
2 branch of a bank, out-of-state bank, national bank, association,
3 or savings bank.

4 (b) "Host savings bank" means a bank, national bank, associ-
5 ation, or savings bank for which trust services are provided by
6 any other bank, out-of-state bank, national bank, association, or
7 savings bank.

8 (c) "Trust service provider" means a savings bank providing
9 trust services to any other bank, out-of-state bank, national
10 bank, association, or savings bank.

11 (2) A savings bank granted full trust powers may contract by
12 written agreement with any ~~bank, out-of-state bank, national~~
13 ~~bank, association or, other savings bank~~ LEGAL ENTITY to carry
14 on trust services in its name and for its account at 1 or more of
15 the ~~banking~~ offices of the ~~bank, out-of-state bank, national~~
16 ~~bank, association, or other savings bank~~ LEGAL ENTITY.

17 (3) A savings bank may contract by written agreement with
18 any ~~bank, out-of-state bank, national bank, association, or~~
19 ~~other savings bank~~ LEGAL ENTITY exercising full trust powers to
20 carry on trust services at 1 or more of its banking offices but
21 in the name and for the account of the ~~bank, out-of-state bank,~~
22 ~~national bank, association, or other savings bank~~ LEGAL
23 ENTITY.

24 (4) An agreement provided for in this section, including a
25 lease, or a modification or extension of an agreement, is not
26 effective ~~as to any savings bank~~ until it is ~~approved in~~
27 ~~writing by~~ FILED WITH the commissioner. ~~The commissioner may~~

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~~1 approve the agreement upon consideration of the sufficiency of
2 the capital and surplus of the banks, out-of-state banks,
3 national banks, associations, or savings banks, the need for
4 trust services, and other facts or circumstances that the commis=
5 sioner considers proper.~~

6 (5) Thirty days after a host savings bank mails a notice of
7 substitution as provided in subsection (6), a trust service pro-
8 vider shall be substituted for a host savings bank as fiduciary
9 or agent and succeed to the title of assets held by a host sav-
10 ings bank in a fiduciary capacity for each account in which the
11 host savings bank, under the terms of a trust service agreement
12 approved by the commissioner, will no longer serve as fiduciary
13 or agent. A trust service provider shall not be substituted for
14 the host savings bank for an account in which the recipient of a
15 notice of substitution with respect to that account objects to
16 the substitution under subsection (6).

17 (6) For an account in which a trust service provider is sub-
18 stituted for a host savings bank under the terms of a trust serv-
19 ice agreement, the host savings bank shall send a written notice
20 of substitution by certified mail. The notice of substitution
21 shall include the date the notice was mailed and explain that the
22 trust service provider will not be substituted for the host sav-
23 ings bank for the account if the recipient of the notice sends a
24 written objection to the host savings bank by first-class mail
25 within 30 days after the date the notice was mailed. The host
26 savings bank shall send the notice of substitution to all of the
27 following:

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- 1 (a) For employee benefit plans, to the plan sponsors.
- 2 (b) For individual retirement accounts and retirement
3 accounts for the self-employed, to the account owners.
- 4 (c) For agency and escrow accounts, to the principals.
- 5 (d) For securities for which a host savings bank serves as
6 trustee, registrar, transfer agent, or paying agent, to the
7 issuers.
- 8 (e) For revocable trusts under agreement, to the settlors.
- 9 (f) For irrevocable trusts under agreement, to any
10 co-fiduciary, to the settlor, to each current income beneficiary
11 who is an adult, and, if a current income beneficiary is a minor,
12 to a parent of the minor with whom the minor resides or to the
13 conservator or guardian of the minor. The notice to the settlor
14 shall not grant to the settlor any authority over the trust or
15 trustee that the settlor did not have before the notice, includ-
16 ing the authority to object to the substitution of a trust serv-
17 ice provider for a host savings bank. For purposes of this sub-
18 division, "current income beneficiary" means a person currently
19 entitled to income or a person to whom the trustee, in the
20 trustee's discretion, may pay principal or income.
- 21 (g) For testamentary trusts, to the persons notified under
22 subdivision (f) and to the probate court that appointed the host
23 savings bank as trustee.
- 24 (h) For conservatorships, to any co-fiduciary, to the pro-
25 tected person for whom the conservatorship was created or, if the
26 conservatorship was created for a minor, to a parent of the minor
27 with whom the minor resides or to the guardian of the minor, and

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1 to the probate court that appointed the host savings bank as
2 conservator.

3 (i) For guardianships, to any co-fiduciary, to the minor or
4 legally incapacitated person for whom the guardian was appointed
5 if the ward is at least 14 years of age, and to the probate court
6 that appointed the host savings bank as guardian.

7 (j) For probate estates, to any co-fiduciary, to any inter-
8 ested person as defined by section 1105 of the estates and pro-
9 tected individuals code, 1998 PA 386, MCL 700.1105, and to the
10 probate court that appointed the host savings bank as personal
11 representative.

12 (7) Subsections (1), (5), and (6) apply to trust service
13 agreements in effect on or after July 1, 1996.

14 Sec. 428. ~~(1) A savings bank may operate a safe deposit
15 and storage department or invest an amount not exceeding in the
16 aggregate 15% of its unimpaired capital and surplus, or 15% of
17 its total capital in the case of a mutual savings bank, in the
18 stock of not more than 1 safe and collateral deposit company
19 organized under the laws of this state.~~

20 (1) ~~(2)~~ If a savings bank operates a safe deposit and
21 storage department, the legal liability of the savings bank on
22 account of any loss to a customer shall not exceed the sum of
23 \$10,000.00 for any 1 box or compartment, including all property
24 accepted for storage outside of the box or compartment. The sav-
25 ings bank may contract with the renter to have the renter assume
26 all risks arising from the use of the box, compartment, or
27 storage.

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1 (2) ~~—(3)—~~ The savings bank shall have a lien for unpaid
2 rental and storage charges on the contents of any box or compart-
3 ment and any property accepted for storage outside of the box or
4 compartment. If the charges are not paid within 1 year from the
5 date of accrual, then the savings bank may sell the property at
6 public auction upon like notice as is required by law for sales
7 on execution.

8 (3) ~~—(4)—~~ After retaining from the proceeds of sale the
9 amount of all charges due and owing at the time of the sale and
10 the reasonable expenses of the sale, the savings bank shall pay
11 any balance to the persons entitled to the proceeds. The savings
12 bank may fairly and in good faith purchase all or part of the
13 property at the sale.

14 Sec. 430. (1) Savings banks may collect interest and
15 charges on loans AND EXTENSIONS OF CREDIT, including open-end
16 credit TO ANY PERSON, as follows:

17 (a) As permitted by the credit reform act, ~~Act No. 162 of~~
18 ~~the Public Acts of 1995, being sections 445.1851 to 445.1864 of~~
19 ~~the Michigan Compiled Laws—~~ 1995 PA 162, MCL 445.1851 TO
20 445.1864.

21 (b) On obligations purchased by the savings bank, the sav-
22 ings bank may charge a discount.

23 (c) On a loan not covered by subdivision (a) or (b), a sav-
24 ings bank may charge, collect, and receive interest and other
25 charges in the same manner and at up to maximum rate or amount
26 permitted by law for the same type of loans made by national
27 banking associations authorized to do business in this state.

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1 (d) On a loan not covered by subdivision (a), (b), or (c),
2 as otherwise permitted by law.

3 (2) A savings bank or any officer or employee of the savings
4 bank shall not, directly or indirectly, take or receive more than
5 the rate of interest allowed by law in advance on its loans and
6 discounts.

7 (3) Except as otherwise provided by law, an investigation
8 fee or handling charge in connection with any transaction shall
9 not be considered as interest.

10 (4) A savings bank may pay interest on any deposit that is
11 payable on demand, unless the commissioner by rule, or order, or
12 declaratory ruling restricts the right of the savings bank to pay
13 interest on demand deposits or unless restricted by federal law.

14 Sec. 432. (1) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN THIS
15 SECTION OR BY ORDER OR DECLARATORY RULING OF THE COMMISSIONER,
16 THE total loans and extensions of credit AND LEASES by a stock
17 savings bank to a person at no time shall exceed 15% of the capi-
18 tal and surplus of the stock savings bank, except that upon
19 approval by 2/3 vote of its board of directors the limit may be
20 increased not to exceed 25% of the capital and surplus of the
21 stock savings bank.

22 (2) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION OR BY
23 ORDER OR DECLARATORY RULING OF THE COMMISSIONER, THE total loans
24 and extensions of credit AND LEASES by a mutual savings bank to a
25 person at no time shall exceed 15% of the total capital of the
26 mutual savings bank, except that upon approval by 2/3 vote of its

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1 board of directors the limit may be increased not to exceed 25%
2 of the total capital of the mutual savings bank.

3 (3) If the commissioner determines that the interests of a
4 group of more than 1 person ~~, copartnership, association, or~~
5 ~~corporation~~ are so interrelated that they should be considered
6 as a unit for the purpose for which credit was extended, the
7 total loans and extensions of credit AND LEASES OF PERSONS of
8 that group ~~acquired at any time~~ shall be combined and consid-
9 ered loans and extensions of credit ~~acquired from 1 customer in~~
10 ~~applying the limitations of this section through section 434~~ AND
11 LEASES OF 1 PERSON UNDER THIS SECTION.

12 (4) A savings bank is not considered to have violated this
13 section through section 434 solely by reason of the fact that the
14 indebtedness of a group then held exceeds the limitations of this
15 section through section 434 at the time of a determination by the
16 commissioner that the indebtedness of that group shall be com-
17 bined, but if required by the commissioner the savings bank shall
18 make a reasonable attempt to dispose of indebtedness of the group
19 in the amount in excess of ~~the limitations~~ THAT PERMITTED BY
20 THIS SECTION within a reasonable time determined by the
21 commissioner.

22 (5) The limitations under subsections (1) and (2) shall not
23 apply to loans and extensions of credit described in sections 433
24 and 434.

25 (6) As used in this section and sections 433 and 434:

26 (a) "Loan and extension of credit" or "loan or extension of
27 credit" includes all direct or indirect advances of funds to a

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1 person made on the basis of an obligation of that person to repay
2 the funds or repayable from specific property pledged by or on
3 behalf of the person. To the extent specified by the commission-
4 er, loan and extension of credit or loan or extension of credit
5 includes any liability of a savings bank to advance funds to or
6 on behalf of a person under a contractual commitment. Such term
7 also includes the cost of purchase of personal property for the
8 purpose of leasing the property to a person. Loan and extension
9 of credit or loan or extension of credit does not include invest-
10 ment securities held by a savings bank under section 411.

11 (b) "Person" means an individual, partnership, association,
12 corporation, governmental entity, or any other legal entity.

13 Sec. 501. ~~(1) A stock savings bank whose capital, in the~~
14 ~~opinion of the commissioner, has become impaired by losses or~~
15 ~~otherwise, within 2 months after receiving notice of impairment~~
16 ~~from the commissioner, shall correct the deficiency in the capi-~~
17 ~~tal by an assessment upon the shareholders pro rata on the amount~~
18 ~~of capital stock held by each. If a stock savings bank fails to~~
19 ~~restore its capital within 2 months after receiving notice from~~
20 ~~the commissioner or, within the same period, fails to take steps~~
21 ~~to liquidate its business and affairs a receiver may be appointed~~
22 ~~for the savings bank under this act. The commissioner, in his or~~
23 ~~her discretion, may grant extensions of time as he or she consid-~~
24 ~~ers advisable in order to allow the savings bank to meet the~~
25 ~~deficiency in the capital.~~

26 ~~(2) If any part of the capital of a savings bank consists of~~
27 ~~preferred stock, the determination of whether or not the capital~~

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~~1 of the savings bank is impaired and the amount of impairment
2 shall be based upon the par value of its stock even though the
3 amount which the holders of the preferred stock shall be entitled
4 to receive in the event of retirement or liquidation shall be in
5 excess of the par value of the preferred stock.~~

~~6 (3) The directors of a savings bank whose capital has become
7 impaired by losses or otherwise shall levy within the 2 month
8 period an assessment upon the stock of the savings bank to repair
9 the deficiency, and give notice of the action of the commissioner
10 and the amount of the assessment that each shareholder must pay
11 for the purpose of making good the deficiency to each shareholder
12 by written notice personally served or mailed to the shareholder
13 at his or her last known address as appears from the records of
14 the savings bank.~~

~~15 (4) If the assessment is levied by the directors and a
16 shareholder refuses or neglects to pay the assessment under this
17 section within 30 days from the date of the notice of the amount
18 to be paid, the directors of the savings bank shall sell the
19 stock of the shareholder to the highest bidder at either public
20 or private sale in the manner provided for the disposition of
21 collateral under section 9504 of the uniform commercial code, Act
22 No. 174 of the Public Acts of 1962, being section 440.9504 of the
23 Michigan Compiled Laws.~~

~~24 (5) A sale of stock under this section shall effect an abso-
25 lute cancellation of the outstanding certificates evidencing the
26 stock sold and make the certificates null and void and new
27 certificates shall be issued by the savings bank to the new~~

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1 ~~purchaser. Out of the proceeds of the stocks sold, the directors~~
2 ~~shall pay the necessary costs of sale and the amount of assess-~~
3 ~~ment levied on the stocks and any remaining balance shall be paid~~
4 ~~to the person whose stock has been sold.~~

5 ~~(6) The holders of preferred stock shall not be liable for~~
6 ~~assessments to restore impairment in the capital of a savings~~
7 ~~bank.~~

8 (1) IF, IN THE OPINION OF THE COMMISSIONER, THE CAPITAL OF A
9 SAVINGS BANK HAS BECOME IMPAIRED, THE COMMISSIONER SHALL NOTIFY
10 THE SAVINGS BANK OF HIS OR HER DETERMINATION AND REQUIRE THE
11 DIRECTORS TO MEET THE DEFICIENCY IN THE CAPITAL WITHIN A 2-MONTH
12 PERIOD. THE DIRECTORS SHALL MEET THE DEFICIENCY BY EITHER MAKING
13 A PRO RATA ASSESSMENT UPON THE STOCK HELD BY EACH SHAREHOLDER, OR
14 TAKING STEPS TO DISSOLVE THE BANK. THE 2-MONTH PERIOD MAY BE
15 EXTENDED BY ORDER OF THE COMMISSIONER, IF IN HIS OR HER DISCRE-
16 TION AN EXTENSION IS NECESSARY TO ALLOW THE DIRECTORS TO MEET THE
17 DEFICIENCY.

18 (2) BEFORE AN ASSESSMENT MAY BE MADE BY THE DIRECTORS, EACH
19 SHAREHOLDER, SECURED PARTY, AND PLEDGEE INDICATED ON THE BOOKS OF
20 THE SAVINGS BANK AS HOLDING AN INTEREST IN THE STOCK SHALL BE
21 PROVIDED WITH WRITTEN NOTICE IN A MANNER REASONABLY CALCULATED TO
22 GIVE ACTUAL NOTICE OF THE DETERMINATION MADE BY THE COMMISSIONER
23 THAT THE CAPITAL OF THE SAVINGS BANK IS IMPAIRED AND THE AMOUNT
24 OF THE ASSESSMENT THAT EACH SHAREHOLDER MUST PAY.

25 (3) IF A SHAREHOLDER REFUSES OR NEGLECTS TO PAY AN ASSESS-
26 MENT LEVIED BY THE DIRECTORS WITHIN 30 DAYS FROM THE DATE NOTICE
27 WAS PROVIDED, THE DIRECTORS SHALL SELL ALL OR PART OF THE

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1 SHAREHOLDER'S SHARES TO THE HIGHEST BIDDER IN A MANNER PROVIDED
2 IN THIS SECTION. UPON EXPIRATION OF THE 30-DAY PERIOD AND
3 REFUSAL OR NEGLECT BY A SHAREHOLDER TO PAY THE ASSESSMENT, A
4 SECURITY INTEREST IN FAVOR OF THE SAVINGS BANK IN THE AMOUNT OF
5 THE ASSESSMENT SHALL ATTACH TO ALL OF THE SHAREHOLDER'S SHARES
6 FOR THE SOLE PURPOSE OF SATISFYING THE ASSESSMENT LEVIED. THE
7 SECURITY INTEREST SHALL HAVE PRIORITY OVER ANY OTHER SECURITY
8 INTERESTS PERFECTED BY A CREDITOR OR OTHERWISE GRANTED BY THE
9 SHAREHOLDER IN SHARES ISSUED AFTER THE EFFECTIVE DATE OF THIS
10 ACT.

11 (4) IF THE DIRECTORS FAIL TO RESTORE THE CAPITAL OF THE SAV-
12 INGS BANK OR TAKE STEPS TO DISSOLVE THE SAVINGS BANK DURING THE
13 2-MONTH PERIOD FOLLOWING NOTICE FROM THE COMMISSIONER AND ANY
14 EXTENSION GRANTED UNDER SUBSECTION (1), THE COMMISSIONER MAY
15 APPOINT A RECEIVER FOR THE SAVINGS BANK IN ACCORDANCE WITH THIS
16 ACT.

17 (5) IF ANY PART OF THE CAPITAL OF A SAVINGS BANK CONSISTS OF
18 PREFERRED STOCK, THE DETERMINATION OF WHETHER THE CAPITAL OF THE
19 SAVINGS BANK IS IMPAIRED AND THE AMOUNT OF THE IMPAIRMENT SHALL
20 BE BASED UPON THE PAR VALUE OF ITS STOCK EVEN THOUGH THE AMOUNT
21 THAT THE HOLDERS OF THE PREFERRED STOCK SHALL BE ENTITLED TO
22 RECEIVE IN THE EVENT OF RETIREMENT OR DISSOLUTION SHALL BE IN
23 EXCESS OF THE PAR VALUE OF THE PREFERRED STOCK.

24 (6) THE HOLDERS OF PREFERRED STOCK SHALL NOT BE LIABLE FOR
25 ASSESSMENTS TO RESTORE IMPAIRMENT IN THE CAPITAL OF A SAVINGS
26 BANK.

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1 (7) IF, 30 DAYS AFTER NOTICE AS PROVIDED IN THIS SECTION, A
2 SHAREHOLDER HAS REFUSED OR NEGLECTED TO PAY AN ASSESSMENT LEVIED
3 ON THE SHARES HELD BY THE SHAREHOLDER, THE DIRECTORS MAY SELL ANY
4 OR ALL OF THE SHAREHOLDER'S SHARES TO SATISFY THE ASSESSMENT.
5 THE PROCEEDS OF THE SALE SHALL BE DISTRIBUTED IN THE FOLLOWING
6 ORDER:

7 (A) THE REASONABLE EXPENSES OF HOLDING FOR SALE AND SELLING
8 THE STOCK IN A MANNER NOT PROHIBITED BY LAW, INCLUDING REASONABLE
9 ATTORNEY FEES AND LEGAL EXPENSES INCURRED BY THE SAVINGS BANK.

10 (B) THE SATISFACTION OF THE ASSESSMENT LEVIED BY THE
11 DIRECTORS.

12 (C) THE SATISFACTION OF AN INDEBTEDNESS SECURED BY ANY
13 SECURITY INTEREST IN THE STOCK IF WRITTEN NOTIFICATION DEMANDING
14 PROCEEDS IS RECEIVED BY THE SAVINGS BANK BEFORE DISTRIBUTION OF
15 THE PROCEEDS IS COMPLETED. UNLESS THE HOLDER OF A SECURITY
16 INTEREST PROVIDES REASONABLE PROOF OF THE INTEREST, THE SAVINGS
17 BANK DOES NOT HAVE TO COMPLY WITH THIS SUBDIVISION.

18 (D) ANY REMAINING SURPLUS SHALL BE DISTRIBUTED TO THE
19 SHAREHOLDER.

20 (8) DISPOSITION OF THE STOCK MAY BE AT A PUBLIC OR PRIVATE
21 SALE AT ANY TIME AND ON ANY TERMS, BUT EVERY ASPECT OF THE DISPO-
22 SITION INCLUDING THE METHOD, MANNER, TIME, PLACE, AND TERMS SHALL
23 BE COMMERCIALY REASONABLE AND REASONABLY CALCULATED TO MEET THE
24 DEFICIENCY.

25 (9) A SALE OF STOCK AS PROVIDED IN THIS SECTION SHALL EFFECT
26 AN ABSOLUTE CANCELLATION OF ANY OUTSTANDING CERTIFICATES
27 EVIDENCING THE STOCK SOLD AND ANY SECURITY INTEREST GRANTED OR

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1 PLEDGE MADE IN STOCK ISSUED AFTER THE EFFECTIVE DATE OF THIS
2 ACT. UPON FULL PAYMENT OF THE STOCK SOLD, THE SAVINGS BANK SHALL
3 ISSUE NEW CERTIFICATES TO THE PURCHASER.

4 (10) THE PURCHASER TAKES THE STOCK FREE OF ANY RIGHTS OR
5 INTERESTS THE SHAREHOLDER MAY HAVE BASED ON AN UNINTENTIONAL
6 FAILURE BY THE SAVINGS BANK TO COMPLY WITH THIS SECTION IF ALL OF
7 THE FOLLOWING APPLY:

8 (A) THE PURCHASER HAS NO KNOWLEDGE OF ANY DEFECT IN THE
9 PROCEEDINGS.

10 (B) THE PURCHASER DOES NOT ACT IN COLLUSION WITH ANY SHARE-
11 HOLDERS OF THE SAVINGS BANK, A SECURED PARTY, OTHER BIDDERS, OR
12 THE SAVINGS BANK.

13 (C) THE PURCHASER MAKES THE PURCHASE IN GOOD FAITH.

14 (11) THE ABILITY OF A SAVINGS BANK TO MAKE AN ASSESSMENT
15 UNDER THIS SECTION OR TO SELL THE STOCK OF A SHAREHOLDER UNDER
16 THIS SECTION IS NOT LIMITED BY THE UNIFORM COMMERCIAL CODE.

17 Sec. 508. (1) Except as otherwise provided in this section,
18 a savings bank or savings bank officer shall not give preference
19 to a depositor or creditor by pledging the assets of the savings
20 bank as collateral security or otherwise.

21 (2) A savings bank ~~—, with the written consent of the~~
22 ~~commissioner,~~ may pledge its assets in an amount not in excess
23 of 10% of its total ~~deposits~~ ASSETS for the purpose of securing
24 the following:

25 (a) Funds belonging to the United States or belonging to or
26 being administered by an officer, instrumentality, or agent of
27 the United States, funds of estates being administered by a

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1 federal court under a federal bankruptcy law, and other funds
2 when required or permitted to do so under the laws of the United
3 States or an order of a federal court.

4 (b) Surplus funds of the state held by the state treasurer.

5 (c) Funds of the Mackinac bridge authority, which is
6 declared to be a political subdivision of this state, under 1950
7 (Ex Sess) PA 21, MCL 254.301 to 254.304.

8 (d) Funds of the international bridge authority, which is
9 declared to be a political subdivision of this state, under 1954
10 PA 99, MCL 254.221 to 254.240.

11 (e) Funds on deposit under 1941 PA 205, MCL 252.51 to
12 252.64, providing for limited access highways.

13 (f) Funds on deposit to the credit of the Michigan employ-
14 ment security commission.

15 (g) Funds of the Michigan state housing development author-
16 ity constituting proceeds of the sale of the authority's notes
17 and bonds and repayments of those notes and bonds, under the
18 state housing development authority act of 1966, 1966 PA 346,
19 MCL 125.1401 to 125.1499c.

20 (h) Funds belonging to any political subdivision of this
21 state.

22 (I) FUNDS BELONGING TO ANY FEDERALLY RECOGNIZED INDIAN
23 TRIBE.

24 (J) FUNDS REPRESENTING THE PROCEEDS OF A GRANT OR LOAN FROM
25 A DEPARTMENT OR AGENCY OF THE UNITED STATES, THE AWARD OF WHICH
26 IS CONDITIONED UPON THE RECIPIENT DEPOSITING THE PROCEEDS IN AN

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1 ACCOUNT SECURED BY A PLEDGE OF ASSETS OF THE DEPOSITORY

2 INSTITUTION.

3 (3) The requirements, restrictions, and limitations imposed
4 by this section shall not apply to the pledging of an obligation
5 of the United States, direct or fully guaranteed, or both, for
6 the purpose of securing a deposit of the United States when the
7 deposit is established coincidentally with the purchase of an
8 obligation of the United States by or through an institution.

9 (4) A savings bank may pledge its assets to secure liabili-
10 ties of all of the following types:

11 (a) In the case of member banks, liabilities incurred under
12 the federal reserve act, chapter 6, 38 Stat. 251. In the case of
13 nonmember banks, liabilities incurred through borrowing under the
14 same conditions as are imposed upon members of the federal
15 reserve system by the federal reserve act, chapter 6, 38
16 Stat. 251.

17 (b) In the case of federal home loan bank members, liabili-
18 ties incurred under the federal home loan bank act, chapter 522,
19 47 Stat. 725.

20 (c) Liabilities incurred under former section 202 of title
21 II of the federal farm loan act.

22 (d) Liabilities incurred on account of a loan made with the
23 express approval of the commissioner under section 433(c).

24 (e) Liabilities incurred on account of borrowings from 1
25 business day to the next under section 19 of the federal reserve
26 act, chapter 6, 38 Stat. 251.

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1 (f) Liabilities incurred on account of securities sold under
2 a repurchase agreement.

3 Sec. 701. (1) Subject to approval by the commissioner, a
4 savings bank may consolidate with any number of consolidating
5 organizations to form a consolidated savings bank.

6 (2) The approval of the commissioner shall be based on an
7 examination or other appropriate analysis of each consolidating
8 organization and the agreement of consolidation. A consolidation
9 shall not be made to defeat or defraud any of the creditors of
10 any of the consolidating organizations.

11 (3) A majority of the directors of each organization propos-
12 ing to consolidate may enter into an agreement, signed by them,
13 or by their designated representative or representatives ~~—, and~~
14 ~~under the seals of the respective organizations,~~ prescribing the
15 terms and conditions of consolidation, the mode of carrying the
16 consolidation into effect and stating other facts required or
17 permitted by this act and other applicable law that are to be set
18 out in the articles, as can be stated in the case of a consolida-
19 tion, to be stated in such altered form as the circumstances of
20 the case require, as well as the manner of converting the shares
21 or membership interest of each of the consolidating organiza-
22 tions, into shares or membership interest of the consolidated
23 organization, with other details and provisions as are considered
24 necessary.

25 (4) The proposed consolidation agreement shall be submitted
26 to the members or shareholders of each consolidating
27 organization, at a separate meeting called by the directors for

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1 the sole purpose of considering the agreement. ~~A notice~~
2 ~~indicating the time, place, and purpose of the meeting shall be~~
3 ~~given by publication at least once a week for 4 consecutive weeks~~
4 ~~preceding the date of the meeting.~~ A copy of the notice shall
5 ~~also be mailed~~ PROVIDED to each member or shareholder of each
6 consolidating organization at his or her last known address as
7 appears from the records of the consolidating organizations, ~~by~~
8 ~~registered or certified mail,~~ at least 10 days prior to the date
9 of the meeting. ~~Notice by publication or otherwise shall not be~~
10 ~~required if it is waived.~~ NOTICE SHALL NOT BE REQUIRED IF IT IS
11 WAIVED BY THE COMMISSIONER OR, IN THE CASE OF INDIVIDUAL NOTICE
12 TO A SHAREHOLDER, BY THE SHAREHOLDER. At the meeting the proposed
13 consolidation agreement shall be considered and a vote by ballot,
14 in person or by proxy, taken for the adoption or rejection of the
15 agreement. ~~At the meeting each share of stock shall entitle the~~
16 ~~holder to 1 vote.~~ If the votes of members or shareholders of
17 each consolidating organization representing NOT LESS THAN 2/3 of
18 the total number of shares of each class of each consolidating
19 organization's outstanding capital stock, or 2/3 of eligible
20 voting members of a mutual organization, are cast for the adop-
21 tion of the agreement, that fact shall be certified on the agree-
22 ment by ~~the cashier or assistant cashier, secretary or assistant~~
23 ~~secretary~~ AN OFFICER of each of the consolidating
24 organizations. ~~If the agreement is adopted and certified, it~~
25 ~~shall be acknowledged by the president or a vice president of~~
26 ~~each of the consolidating organizations, before any officer~~
27 ~~authorized to take acknowledgment of deeds, to be the respective~~

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1 ~~act, deed, and agreement of each of the consolidating~~
2 ~~organizations.~~ If a bank, out-of-state bank, national bank,
3 association, or savings bank is a consolidating organization and
4 approval is required by the laws of another state or of the
5 United States, that organization shall furnish a certified copy
6 of consent or approval of the appropriate state or federal regu-
7 lator of the consolidation to the commissioner. The consolida-
8 tion agreement required by this section shall be filed with the
9 commissioner who shall certify upon the agreement the date it was
10 filed. The filing with the commissioner shall be the act of con-
11 solidation of the consolidating organizations. The consolidation
12 agreement or a copy certified by the commissioner is evidence of
13 the agreement and act of consolidation of the organizations and
14 the observance and performance of all necessary acts and condi-
15 tions precedent to the consolidation. A bank holding company or
16 thrift holding company that is the sole shareholder of all of the
17 outstanding issued stock of a savings bank, bank, out-of-state
18 bank, national bank, or association that is a consolidating
19 organization in a proposed consolidation may waive the share-
20 holder meeting requirement of this subsection.

21 (5) In effecting a consolidation, stock of the consolidated
22 savings bank may be issued in accordance with this act and as
23 provided by the terms of the consolidation agreement free from
24 any preemptive rights of the shareholders of the respective con-
25 solidating organizations.

26 Sec. 703. (1) When ~~filing and~~ the approval AND
27 CERTIFICATION of the consolidation agreement as required by

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1 section 701 have been completed, the corporate existence of each
2 consolidating organization is merged into and continued in the
3 consolidated savings bank. To the extent authorized by this act,
4 the consolidated savings bank possesses all the rights, inter-
5 ests, privileges, powers, and franchises and is subject to all
6 the restrictions, disabilities, liabilities, and duties of each
7 of the consolidating organizations. The title to all property,
8 real, personal, and mixed is transferred to the consolidated sav-
9 ings bank, and shall not revert or be in any way impaired by
10 reason of this act.

11 (2) A consolidated savings bank holds and enjoys the same
12 and all rights of property, franchises, and interests including
13 appointments, designations, and nominations and all other rights
14 and interests ~~in any~~ AS A fiduciary, ~~capacity,~~ in the same
15 manner and to the same extent as those rights and interests were
16 held or enjoyed by each consolidating organization at the time of
17 the consolidation. If a consolidating organization at the time
18 of consolidation was acting under appointment of any court ~~in~~
19 AS a fiduciary, ~~capacity,~~ the consolidated savings bank is
20 subject to removal by a court of competent jurisdiction.

21 (3) A consolidated savings bank shall file with each court
22 or other public tribunal, agency, or officer in any state by
23 which any of the consolidating organizations ~~shall have~~ HAS
24 been appointed ~~in the capacity of~~ AS A fiduciary, ~~or agent,~~
25 and in the court file of each estate, suit, or any other proceed-
26 ing in which any of them has been acting AS A FIDUCIARY, an
27 affidavit setting forth the fact of consolidation, the name of

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1 each consolidating organization, the name of the consolidated
2 savings bank, the location of its ~~main~~ PRINCIPAL office, and
3 the amount of its capital and surplus. This subsection does not
4 require filing of an affidavit related to any consolidating
5 organization that after the consolidation retains the same corpo-
6 rate name, charter, and main ~~office~~ PRINCIPAL location.

7 (4) THE LIABILITY OF ANY CONSOLIDATING ORGANIZATION OR OF A
8 SHAREHOLDER, DIRECTOR, OR OFFICER OF A CONSOLIDATING ORGANIZA-
9 TION, OR THE RIGHTS OR REMEDIES OF THE CREDITORS OF, OR OTHER
10 PERSONS TRANSACTING BUSINESS WITH, THE CONSOLIDATING ORGANIZATION
11 SHALL NOT BE ALTERED OR IMPAIRED AS THE RESULT OF A
12 CONSOLIDATION.

13 Sec. 705. (1) A savings bank, an out-of-state bank, or a
14 national bank that consolidates its operations with 1 or more
15 banks, out-of-state banks, national banks, associations, or sav-
16 ings banks may operate the consolidated or acquired bank,
17 out-of-state bank, national bank, association, or savings bank
18 branch or branches located in this state as a branch or branches
19 of the consolidated or acquired savings bank.

20 (2) A CONSOLIDATED BANK OR CONSOLIDATED ORGANIZATION MAY
21 OPERATE ANY BRANCHES AND PRINCIPAL OFFICES LOCATED IN THIS STATE
22 OF THE CONSOLIDATING ORGANIZATIONS WITHOUT PROVIDING THE NOTICE
23 REQUIRED BY SECTION 417.

24 Sec. 706. (1) As used in this section:

25 (a) "Existing association" means a stock association engaged
26 in the savings and loan business or federal savings bank business
27 prior to the consolidation under this section.

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1 (b) "Existing bank" means a savings bank, national banking
2 association, or state chartered bank engaged in the business of
3 banking prior to the consolidation under this section.

4 (c) "New bank" means a savings bank not engaged in the busi-
5 ness of banking prior to the consolidation under this section.

6 (2) Notwithstanding any other section of this act:

7 (a) Persons as provided in section 301 may organize and
8 incorporate as the incorporator or incorporators a new bank
9 having its principal office in the same city or village as the
10 principal office of an existing bank or existing association in
11 the manner specified in section 302, but without regard to sec-
12 tion 302(2) and (3)(b), (c), and (e), and section 304, if the new
13 bank is organized for the sole purpose of effecting its consoli-
14 dation under section 701 with an existing bank or existing asso-
15 ciation having its principal office in the same city or village
16 as the new bank and if upon completion of the consolidation a
17 bank holding company becomes the owner of all of the outstanding
18 voting shares of the consolidated organization, other than shares
19 necessary to qualify directors. The new bank and the existing
20 bank may consolidate under the charter of either bank. The new
21 bank and the existing association shall consolidate under the
22 charter of the new bank and sections 701, 703, and 705 are appli-
23 cable with respect to the consolidation except that the agreement
24 of consolidation may provide that shares of either or both the
25 consolidating organizations, in lieu of being converted into
26 shares of the consolidated organization, will be converted into
27 shares or other securities of the bank holding company.

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1 (b) A shareholder of the existing bank or existing
2 association who votes against the consolidation, or who has given
3 notice in writing to that bank or association at or prior to the
4 meeting called for the purpose of considering the agreement of
5 consolidation that he or she dissents from the consolidation, is
6 entitled to receive in cash from the consolidated organization
7 the fair value of all shares held by him or her, if and when the
8 consolidation is consummated, upon written request made to the
9 consolidated organization at any time within 30 days after the
10 date of consummation of the consolidation, accompanied by the
11 surrender of his or her stock certificates. Upon the filing of
12 the written request and the surrender of stock certificates, the
13 shareholder shall cease to have any of the rights of a share-
14 holder except the right to be paid the fair value of his or her
15 shares. The request having been made, shall not be withdrawn
16 except with the written consent of the consolidated
17 organization. The fair value of the shares shall be determined,
18 as of the date on which the meeting of shareholders of the exist-
19 ing bank or existing association was held adopting the agreement
20 of consolidation, by a qualified and independent appraiser
21 selected by the commissioner upon written application filed by a
22 dissenting shareholder entitled to receive the fair value of his
23 or her shares, or by the consolidated organization. The
24 appraiser selected shall file a written report of his or her
25 appraisal with the commissioner, who in turn shall forward copies
26 to all interested parties. The valuation determined by the
27 appraiser is final and binding on all parties as to the fair

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1 value of the shares. The consolidated organization shall pay to
2 each dissenting shareholder entitled the fair value of his or her
3 shares within 30 days following the receipt of the written report
4 of the appraiser. The fees and expenses of the appraisal, which
5 shall be approved by the commissioner, shall be paid by the con-
6 solidated organization. The agreement of consolidation shall
7 provide the manner of disposing of the shares of the existing
8 bank or existing association surrendered by the dissenting
9 shareholders.

10 (c) ~~The consolidated organization, whether it is the new~~
11 ~~bank or the existing bank, shall have the right, notwithstanding~~
12 ~~any of the requirements, restrictions, and limitations of section~~
13 ~~417, or any other provision of law, to retain and continue to~~
14 ~~operate or to establish and operate as its principal office the~~
15 ~~principal office of the existing bank, and as its branches all~~
16 ~~branches of the existing bank, that were legally operating imme-~~
17 ~~diately prior to the consolidation or merger, whether the princi-~~
18 ~~pal office or the branch or branches could, at the time the con-~~
19 ~~solidation or merger becomes effective, have been established or~~
20 ~~reestablished consistently with the requirements, restrictions,~~
21 ~~and limitations of section 417, or any other provision of law.~~
22 ~~For the purposes of this section, consolidation and merger are~~
23 ~~interchangeable and each means and includes the consolidation or~~
24 ~~merger of savings banks, federal or state savings and loan asso-~~
25 ~~ciations, federal savings banks, state chartered banks, or of~~
26 ~~national banking associations in any manner provided by this act~~
27 ~~or by the national bank laws. THE COMMISSIONER SHALL APPROVE OR~~

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1 DISAPPROVE AN APPLICATION SUBMITTED UNDER THIS SECTION IN WRITING
2 WITHIN 30 DAYS AFTER ACCEPTANCE OF THE APPLICATION OR THE LAST
3 AMENDMENT OR SUPPLEMENT TO THE APPLICATION.

4 Sec. 708. (1) Upon the affirmative ~~votes~~ VOTE of the
5 ~~shareholders representing 2/3 of the total number of shares~~
6 MAJORITY OF VOTES CAST of each class of its outstanding capital
7 stock, a savings bank may be converted under the laws of this
8 state into a stock association or under the laws of the United
9 States into a national banking association or federal savings
10 bank.

11 (2) The conversion of a savings bank into a stock associa-
12 tion or a national banking association shall not release the sav-
13 ings bank from its obligations to pay and discharge all the
14 liabilities created by law or incurred by it before becoming a
15 stock association or a national banking association or any tax
16 imposed by the laws of this state up to the date of its becoming
17 a stock association or a national banking association in propor-
18 tion to the time that has elapsed since the last preceding pay-
19 ment or any assessment, penalty, or forfeiture imposed or
20 incurred under the laws of this state up to the date of its
21 becoming a stock association or a national banking association.
22 ~~No~~ A conversion shall NOT be made to defeat or defraud any of
23 the creditors of the savings bank.

24 (3) Certified copies of all proceedings by the directors and
25 shareholders of the stock association or savings bank shall be
26 filed with the commissioner ~~in triplicate~~ and in addition, the
27 savings bank shall furnish a certified copy of consent or

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1 approval of the comptroller of the currency or office of thrift
2 supervision to the conversion if the consent or approval is
3 required by federal law. ~~One copy of the proceedings shall be~~
4 ~~filed with the bureau and the commissioner shall certify and for-~~
5 ~~ward 1 copy of the proceedings to the county clerk of the county~~
6 ~~in which the converted savings bank is located and 1 to the cor-~~
7 ~~poration division, department of treasury.~~

8 (4) Upon the affirmative ~~votes~~ VOTE of ~~2/3 of the total~~
9 ~~membership~~ THE MAJORITY OF THE VOTES CAST of a mutual savings
10 bank, the mutual savings bank may be converted under the laws of
11 this state into a mutual state savings and loan association or
12 under the laws of the United States into a mutual federal savings
13 and loan association or federal savings bank.

14 (5) The conversion of a mutual savings bank into a state or
15 federal mutual savings and loan association shall not release the
16 mutual savings bank from its obligations to pay and discharge all
17 the liabilities created by law or incurred by it before becoming
18 a state or federal savings and loan association or any tax
19 imposed by the laws of this state up to the date of its becoming
20 a state or federal savings and loan association in proportion to
21 the time that has elapsed since the last preceding payment or any
22 assessment, penalty, or forfeiture imposed or incurred under the
23 laws of this state up to the date of its becoming a state or fed-
24 eral savings and loan association. ~~No~~ A conversion shall NOT
25 be made to defeat or defraud any of the creditors of the mutual
26 savings bank.

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1 (6) Certified copies of all proceedings by the members of
2 the mutual savings bank shall be filed with the commissioner, ~~in~~
3 ~~triplicate,~~ and in addition the mutual savings bank shall fur-
4 nish a certified copy of consent or approval of the office of
5 thrift supervision to the conversion if the consent or approval
6 is required by federal law. One copy of the proceedings shall be
7 filed with the bureau. ~~and the commissioner shall certify and~~
8 ~~forward 1 copy of the proceedings to the county clerk of the~~
9 ~~county in which the converted mutual savings bank is located.~~

10 Sec. 709. (1) With the approval of the commissioner,
11 ~~subject to section 214(3),~~ and upon the affirmative ~~votes~~
12 VOTE of the ~~shareholders representing 2/3 of the total number of~~
13 ~~shares~~ MAJORITY OF THE VOTES CAST of each class of its outstand-
14 ing capital stock, a national banking association, federal sav-
15 ings bank, federal savings and loan association, or other feder-
16 ally chartered shareholder-owned financial institution doing
17 business in this state and having an unimpaired capital and sur-
18 plus sufficient to entitle it to become a savings bank under the
19 provisions of existing laws of this state may be converted into a
20 savings bank if the conversion is not in contravention of any
21 laws of the United States. In such case, the articles of incor-
22 poration may be executed by a majority of the directors of the
23 national banking association, federal savings bank, federal sav-
24 ings and loan association, or other federally chartered financial
25 institution. A majority of the directors, after executing the
26 articles of incorporation, shall have the power to execute all
27 other papers and to do whatever may be required to complete the

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1 organization of the mutual state savings and loan association,
2 mutual state savings bank, or other member-owned state chartered
3 financial institution as a savings bank.

4 (2) The shares of the savings bank may continue to be for
5 the same amount each as they were before the conversion, and the
6 directors may continue to be directors of the savings bank until
7 others have been elected or appointed under the laws of this
8 state.

9 (3) The approval of the commissioner shall be based on an
10 examination of the national banking association, federal savings
11 bank, federal savings and loan association, or other federally
12 chartered financial institutions and of the proceedings had by
13 its directors and shareholders with respect to the conversion.

14 (4) A conversion shall not be made to defeat or defraud any
15 of the creditors of the national banking association, federal
16 savings bank, federal savings and loan association, or other fed-
17 erally chartered financial institution.

18 (5) Subject to conditions as he or she may prescribe, the
19 commissioner may permit the converted savings bank to retain and
20 carry, at a value determined by the commissioner, assets of the
21 converting national banking association, federal savings bank,
22 federal savings and loan association, or other federally
23 chartered financial institution as do not conform to the legal
24 requirements relative to assets acquired and held by savings
25 banks.

26 Sec. 710. (1) With the approval of the commissioner,
27 ~~subject to section 214(3),~~ and upon the affirmative vote of

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1 ~~shareholders representing 2/3 of the total number of shares~~ THE
2 MAJORITY OF THE VOTES CAST of each class of its outstanding capi-
3 tal stock, a state chartered commercial bank, state chartered
4 savings and loan association, or other state chartered
5 shareholder-owned financial institution having an unimpaired cap-
6 ital and surplus sufficient to entitle it to become a savings
7 bank under the provisions of existing laws of this state may be
8 converted into a savings bank. In such case, the articles of
9 incorporation may be executed by a majority of the directors of
10 the state chartered commercial bank, state chartered savings and
11 loan association, or other state chartered financial
12 institution. A majority of the directors, after executing the
13 articles of incorporation, may execute all other papers and do
14 whatever may be required to complete its organization as a sav-
15 ings bank.

16 (2) The shares or membership interests of the savings bank
17 may continue to be for the same amount each as they were before
18 the conversion, and the directors may continue to be directors of
19 the savings bank until others have been elected or appointed
20 under the laws of this state.

21 (3) The approval of the commissioner shall be based on an
22 examination of the state chartered commercial bank, state
23 chartered savings and loan association, or other state chartered
24 financial institution and of the proceedings had by its directors
25 and shareholders with respect to the conversion.

26 (4) A conversion shall not be made to defeat or defraud any
27 of the creditors of the state chartered commercial bank, state

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1 chartered savings and loan association, or other state chartered
2 financial institution.

3 (5) Subject to conditions as he or she may prescribe, the
4 commissioner may permit the converted savings bank to retain and
5 carry, at a value determined by the commissioner, assets of the
6 converting state chartered commercial bank, state chartered sav-
7 ings and loan association, or other state chartered financial
8 institution which do not conform to the legal requirements rela-
9 tive to assets acquired and held by savings banks.

10 Sec. 711. (1) With the approval of the commissioner,
11 ~~subject to section 214(3),~~ and upon the affirmative ~~votes~~
12 VOTE of ~~2/3 of the total membership of~~ THE MAJORITY OF THE
13 VOTES CAST, a mutual federal savings and loan association, mutual
14 federal savings bank, or other member-owned federally chartered
15 financial institution doing business in this state ~~and having an~~
16 ~~unimpaired capital and surplus sufficient to entitle it to become~~
17 ~~a savings bank under the provisions of existing laws of this~~
18 ~~state~~ may be converted into a mutual ~~or stock~~ savings bank if
19 the conversion is not in contravention of any laws of the United
20 States. In such case, the articles of incorporation may be exe-
21 cuted by a majority of the directors of the federal savings and
22 loan association, federal savings bank, or other member-owned
23 federally chartered financial institution. A majority of the
24 directors, after executing the articles of incorporation, shall
25 have the power to execute all other papers and to do whatever may
26 be required to complete its organization as a savings bank.

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1 (2) The shares or membership interests of the savings bank
2 may continue to be for the same amount each as they were before
3 the conversion, and the directors may continue to be directors of
4 the savings bank until others have been elected or appointed
5 under the laws of this state.

6 (3) The approval of the commissioner shall be based on an
7 examination of the federal savings and loan association, federal
8 savings bank, or other member-owned federally chartered financial
9 institution and of the proceedings had by its directors and mem-
10 bers with respect to the conversion.

11 (4) A conversion shall not be made to defeat or defraud any
12 of the creditors of the federal savings and loan association,
13 federal savings bank, or other member-owned federally chartered
14 financial institution.

15 (5) Subject to conditions as he or she may prescribe, the
16 commissioner may permit the converted savings bank to retain and
17 carry, at a value determined by the commissioner, assets of the
18 converting federal savings and loan association, federal savings
19 bank, or other member-owned federally chartered financial insti-
20 tution as do not conform to the legal requirements relative to
21 assets acquired and held by savings banks.

22 SEC. 711A. (1) WITH THE APPROVAL OF THE COMMISSIONER, AND
23 UPON THE AFFIRMATIVE VOTE OF 2/3 OF VOTES CAST, A MUTUAL FEDERAL
24 SAVINGS AND LOAN ASSOCIATION, MUTUAL FEDERAL SAVINGS BANK, OR
25 OTHER MEMBER-OWNED FEDERALLY CHARTERED FINANCIAL INSTITUTION
26 DOING BUSINESS IN THIS STATE MAY BE CONVERTED INTO A STOCK
27 SAVINGS BANK IF THE CONVERSION IS NOT IN CONTRAVENTION OF ANY

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1 LAWS OF THE UNITED STATES. IN SUCH CASE, THE ARTICLES OF
2 INCORPORATION MAY BE EXECUTED BY A MAJORITY OF THE DIRECTORS OF
3 THE FEDERAL SAVINGS AND LOAN ASSOCIATION, FEDERAL SAVINGS BANK,
4 OR OTHER MEMBER-OWNED FEDERALLY CHARTERED FINANCIAL INSTITUTION.
5 A MAJORITY OF THE DIRECTORS, AFTER EXECUTING THE ARTICLES OF
6 INCORPORATION, SHALL HAVE THE POWER TO EXECUTE ALL OTHER PAPERS
7 AND TO DO WHATEVER MAY BE REQUIRED TO COMPLETE ITS ORGANIZATION
8 AS A SAVINGS BANK.

9 (2) THE SHARES OR MEMBERSHIP INTERESTS OF THE SAVINGS BANK
10 MAY CONTINUE TO BE FOR THE SAME AMOUNT EACH AS THEY WERE BEFORE
11 THE CONVERSION, AND THE DIRECTORS MAY CONTINUE TO BE DIRECTORS OF
12 THE SAVINGS BANK UNTIL OTHERS HAVE BEEN ELECTED OR APPOINTED
13 UNDER THE LAWS OF THIS STATE.

14 (3) THE APPROVAL OF THE COMMISSIONER SHALL BE BASED ON AN
15 EXAMINATION OF THE FEDERAL SAVINGS AND LOAN ASSOCIATION, FEDERAL
16 SAVINGS BANK, OR OTHER MEMBER-OWNED FEDERALLY CHARTERED FINANCIAL
17 INSTITUTION AND OF THE PROCEEDINGS HAD BY ITS DIRECTORS AND MEM-
18 BERS WITH RESPECT TO THE CONVERSION.

19 (4) A CONVERSION SHALL NOT BE MADE TO DEFEAT OR DEFRAUD ANY
20 OF THE CREDITORS OF THE FEDERAL SAVINGS AND LOAN ASSOCIATION,
21 FEDERAL SAVINGS BANK, OR OTHER MEMBER-OWNED FEDERALLY CHARTERED
22 FINANCIAL INSTITUTION.

23 (5) SUBJECT TO CONDITIONS AS HE OR SHE MAY PRESCRIBE, THE
24 COMMISSIONER MAY PERMIT THE CONVERTED SAVINGS BANK TO RETAIN AND
25 CARRY, AT A VALUE DETERMINED BY THE COMMISSIONER, ASSETS OF THE
26 CONVERTING FEDERAL SAVINGS AND LOAN ASSOCIATION, FEDERAL SAVINGS
27 BANK, OR OTHER MEMBER-OWNED FEDERALLY CHARTERED FINANCIAL

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1 INSTITUTION AS DO NOT CONFORM TO THE LEGAL REQUIREMENTS RELATIVE
2 TO ASSETS ACQUIRED AND HELD BY SAVINGS BANKS.

3 Sec. 712. (1) With the approval of the commissioner,
4 ~~subject to section 214(3),~~ and upon the affirmative ~~votes of~~
5 ~~2/3 of the total membership of~~ VOTE OF 2/3 OF THE VOTES CAST, a
6 mutual state savings and loan association ~~, or mutual state sav-~~
7 ~~ings bank,~~ or other member-owned state chartered financial
8 institution ~~having an unimpaired capital and surplus sufficient~~
9 ~~to entitle it to become a savings bank under the provisions of~~
10 ~~existing laws of this state~~ may be converted into a mutual ~~or~~
11 ~~stock~~ savings bank. In such case, the articles of incorporation
12 may be executed by a majority of the directors of the savings and
13 loan association, or other member-owned state chartered financial
14 institution. A majority of the directors, after executing the
15 articles of incorporation, may execute all other papers and do
16 whatever may be required to complete its organization as a sav-
17 ings bank.

18 (2) The shares or membership interests of the savings bank
19 may continue to be for the same amount each as they were before
20 the conversion, and the directors may continue to be directors of
21 the savings bank until others have been elected or appointed
22 under the laws of this state.

23 (3) The approval of the commissioner shall be based on an
24 examination of the savings and loan association, or other
25 member-owned state chartered financial institution and of the
26 proceedings had by its directors and members with respect to the
27 conversion.

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1 (4) A conversion shall not be made to defeat or defraud any
2 of the creditors of the savings and loan association or other
3 member-owned state chartered financial institution.

4 (5) Subject to conditions as he or she may prescribe, the
5 commissioner may permit the converted savings bank to retain and
6 carry, at a value determined by the commissioner, assets of the
7 converting savings and loan association or other member-owned
8 state chartered financial institution which do not conform to the
9 legal requirements relative to assets acquired and held by sav-
10 ings banks.

11 SEC. 712A. (1) WITH THE APPROVAL OF THE COMMISSIONER, AND
12 UPON THE AFFIRMATIVE VOTE OF 2/3 OF THE VOTES CAST, A MUTUAL
13 STATE SAVINGS AND LOAN ASSOCIATION, OR MUTUAL STATE SAVINGS BANK,
14 OR OTHER MEMBER-OWNED STATE CHARTERED FINANCIAL INSTITUTION MAY
15 BE CONVERTED INTO A STOCK SAVINGS BANK. IN SUCH CASE, THE ARTI-
16 CLES OF INCORPORATION MAY BE EXECUTED BY A MAJORITY OF THE DIREC-
17 TORS OF THE SAVINGS AND LOAN ASSOCIATION, OR OTHER MEMBER-OWNED
18 STATE CHARTERED FINANCIAL INSTITUTION. A MAJORITY OF THE DIREC-
19 TORS, AFTER EXECUTING THE ARTICLES OF INCORPORATION, MAY EXECUTE
20 ALL OTHER PAPERS AND DO WHATEVER MAY BE REQUIRED TO COMPLETE ITS
21 ORGANIZATION AS A SAVINGS BANK.

22 (2) THE SHARES OR MEMBERSHIP INTERESTS OF THE SAVINGS BANK
23 MAY CONTINUE TO BE FOR THE SAME AMOUNT EACH AS THEY WERE BEFORE
24 THE CONVERSION, AND THE DIRECTORS MAY CONTINUE TO BE DIRECTORS OF
25 THE SAVINGS BANK UNTIL OTHERS HAVE BEEN ELECTED OR APPOINTED
26 UNDER THE LAWS OF THIS STATE.

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1 (3) THE APPROVAL OF THE COMMISSIONER SHALL BE BASED ON AN
2 EXAMINATION OF THE SAVINGS AND LOAN ASSOCIATION, OR OTHER
3 MEMBER-OWNED STATE CHARTERED FINANCIAL INSTITUTION AND OF THE
4 PROCEEDINGS HAD BY ITS DIRECTORS AND MEMBERS WITH RESPECT TO THE
5 CONVERSION.

6 (4) A CONVERSION SHALL NOT BE MADE TO DEFEAT OR DEFRAUD ANY
7 OF THE CREDITORS OF THE SAVINGS AND LOAN ASSOCIATION OR OTHER
8 MEMBER-OWNED STATE CHARTERED FINANCIAL INSTITUTION.

9 (5) SUBJECT TO CONDITIONS AS HE OR SHE MAY PRESCRIBE, THE
10 COMMISSIONER MAY PERMIT THE CONVERTED SAVINGS BANK TO RETAIN AND
11 CARRY, AT A VALUE DETERMINED BY THE COMMISSIONER, ASSETS OF THE
12 CONVERTING SAVINGS AND LOAN ASSOCIATION OR OTHER MEMBER-OWNED
13 STATE CHARTERED FINANCIAL INSTITUTION WHICH DO NOT CONFORM TO THE
14 LEGAL REQUIREMENTS RELATIVE TO ASSETS ACQUIRED AND HELD BY SAV-
15 INGS BANKS.

16 Sec. 713. ~~(1) If a conversion under sections 709 to 713~~
17 ~~becomes effective, all the property of the converting organiza-~~
18 ~~tion, including all its rights, title, and interest in and to all~~
19 ~~property of whatsoever kind, whether real, personal, or mixed,~~
20 ~~and things in action, and every right, privilege, and interest,~~
21 ~~and asset of any conceivable value or benefit then existing,~~
22 ~~belonging, or pertaining to it, or which would inure to it, shall~~
23 ~~immediately by act of law and without any conveyance or transfer~~
24 ~~and without any further act or deed, be vested in and become the~~
25 ~~property of the converted organization, which shall have, hold,~~
26 ~~and enjoy the same in its own right as fully and to the same~~

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1 ~~extent as it was possessed, held, and enjoyed by the converting~~
2 ~~organization.~~

3 ~~(2) The converted organization shall be deemed to be a con-~~
4 ~~tinuation of the entity and of the identity of the converting~~
5 ~~organization. All the rights, obligations, and relations of the~~
6 ~~converting organization to or in respect to any person, estate,~~
7 ~~creditor, depositor, trustee, or beneficiary of any trust, and~~
8 ~~in, or in respect to, any executorship or trusteeship or any~~
9 ~~other trust or fiduciary function, shall remain unimpaired.~~

10 ~~(3) The converted organization shall succeed to all rights,~~
11 ~~obligations, relations, trusts, duties, and liabilities and shall~~
12 ~~execute and perform each and every trust and relation in the same~~
13 ~~manner as if the converted organization had itself assumed the~~
14 ~~trust or relation and the obligations and liabilities.~~

15 ~~(4) If the converting organization is acting as administra-~~
16 ~~tor, co-administrator, executor, co-executor, trustee, or~~
17 ~~co-trustee of or in respect to any estate or trust being adminis-~~
18 ~~tered under the laws of this state, the relation, as well as any~~
19 ~~other or similar fiduciary relations, and all rights, privileges,~~
20 ~~duties, and obligations shall remain unimpaired and shall con-~~
21 ~~tinue into and in the converted organization from and as of the~~
22 ~~time of taking effect of the conversion, irrespective of the date~~
23 ~~when the relation may have been created or established and irre-~~
24 ~~spective of the date of any trust agreement or the date of the~~
25 ~~death of any testator or decedent whose estate is being~~
26 ~~administered.~~

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1 ~~(5) A conversion shall not effect under the laws of this~~
2 ~~state a renunciation or revocation of any letters of~~
3 ~~administration or letters testamentary pertaining to the relation~~
4 ~~nor a removal or resignation from any executorship or trusteeship~~
5 ~~or other fiduciary relationship nor have the effect as if the~~
6 ~~executor or trustee or other fiduciary had died or otherwise~~
7 ~~become incompetent to act.~~

8 ~~(6) A savings bank or national banking association or stock~~
9 ~~association or federal savings bank resulting from a conversion~~
10 ~~under sections 709 to 713 shall have the right, notwithstanding~~
11 ~~any of the requirements, restrictions, and limitations of section~~
12 ~~417 to the contrary, to retain and continue to operate any and~~
13 ~~all branches of the converting organization that were in lawful~~
14 ~~operation immediately prior to conversion, without being required~~
15 ~~to establish or reestablish any branch or branches under~~
16 ~~section 417 and irrespective of whether any branch or branches~~
17 ~~could, at the time the conversion becomes effective, have been~~
18 ~~established or reestablished as a branch or branches of the con-~~
19 ~~verting or converted organization, consistently with the require-~~
20 ~~ments, restrictions, and limitations of section 417. IF A CON-~~
21 ~~VERSION BECOMES EFFECTIVE UNDER THIS ACT, ALL OF THE FOLLOWING~~
22 ~~SHALL APPLY:~~

23 (A) THE CONVERTED ORGANIZATION SHALL BE CONSIDERED A CONTIN-
24 UATION OF THE BODY CORPORATE OF THE CONVERTING ORGANIZATION.

25 (B) THE TITLE TO ALL PROPERTY, REAL OR PERSONAL, INCLUDING
26 ANY RIGHTS THAT MAY BE ATTACHED TO THE PROPERTY, OR ANY THING IN
27 ACTION, IS IMMEDIATELY TRANSFERRED AND VESTED IN THE CONVERTED

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1 ORGANIZATION TO THE SAME EXTENT AS IT WAS IN THE CONVERTING
2 ORGANIZATION.

3 (C) ALL ASSETS, RIGHTS, PRIVILEGES, OR INTERESTS BELONGING
4 OR ATTRIBUTED TO THE CONVERTING ORGANIZATION ARE IMMEDIATELY
5 TRANSFERRED AND VESTED IN THE CONVERTED ORGANIZATION TO THE SAME
6 EXTENT AS THEY WERE IN THE CONVERTING ORGANIZATION.

7 (D) ALL LIABILITIES, RESTRICTIONS, AND DISABILITIES OF THE
8 CONVERTING ORGANIZATION, ITS SHAREHOLDERS, OR ITS OFFICERS ARE
9 IMMEDIATELY TRANSFERRED TO THE CONVERTED ORGANIZATION TO THE SAME
10 EXTENT AS THEY WERE IN THE CONVERTING ORGANIZATION.

11 (E) IF THE CONVERTING ORGANIZATION IS ACTING IN ANY FIDU-
12 CIARY CAPACITY UNDER THE LAWS OF THIS STATE, THE FOLLOWING
13 APPLY:

14 (i) ALL RIGHTS, PRIVILEGES, AND OBLIGATIONS OF THE CONVERT-
15 ING ORGANIZATION SHALL REMAIN UNIMPAIRED AND SHALL CONTINUE IN
16 THE CONVERTED ORGANIZATION IRRESPECTIVE OF THE DATE WHEN THE
17 FIDUCIARY RELATIONSHIP WAS CREATED.

18 (ii) IF THE CONVERTING ORGANIZATION HAD BEEN APPOINTED BY A
19 COURT OR GOVERNMENTAL TRIBUNAL, AGENCY, OR OFFICER, THE CONVERTED
20 ORGANIZATION SHALL FILE AN AFFIDAVIT WITH THE APPOINTING AUTHOR-
21 ITY SETTING FORTH THE FACT OF CONVERSION, THE NAME OF THE CON-
22 VERTED ORGANIZATION, THE LOCATION OF ITS PRINCIPAL OFFICE, AND
23 THE AMOUNT OF ITS CAPITAL AND SURPLUS.

24 (iii) THE CONVERTED ORGANIZATION ACTING AS A FIDUCIARY BY
25 APPOINTMENT OF A COURT IS SUBJECT TO REMOVAL BY A COURT OF COMPE-
26 TENT JURISDICTION.

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1 (F) THE CONVERTED ORGANIZATION MAY RETAIN AND CONTINUE TO
2 OPERATE ANY EXISTING BRANCH, OR OPEN ANY APPROVED BRANCH, OF THE
3 CONVERTING ORGANIZATION.

4 (G) ANY RIGHTS OR REMEDIES OF THE DEPOSITORS, CREDITORS, OR
5 OTHER PERSONS TRANSACTING BUSINESS WITH THE CONVERTING ORGANIZA-
6 TION SHALL NOT BE REDUCED OR IMPAIRED AS THE RESULT OF A
7 CONVERSION.

8 (H) WHETHER OR NOT IT MAINTAINS A PRESENCE IN THIS STATE, A
9 CONVERTED ORGANIZATION OR ANY OF ITS SUCCESSORS IN INTEREST IS
10 SUBJECT TO SERVICE OF PROCESS IN A PROCEEDING IN THIS STATE FOR
11 ENFORCEMENT OF ANY OBLIGATION INCURRED IN THIS STATE BY THE CON-
12 VERTING ORGANIZATION.

13 (I) AN ACTION OR PROCEEDING AGAINST THE CONVERTING ORGANIZA-
14 TION IN A COURT OR OTHER GOVERNMENTAL TRIBUNAL MAY BE PROSECUTED
15 TO JUDGMENT AS IF THE CONVERSION HAD NOT TAKEN PLACE, OR THE CON-
16 VERTED ORGANIZATION MAY BE SUBSTITUTED IN PLACE OF THE CONVERTING
17 ORGANIZATION. THIS SUBSECTION SHALL NOT CREATE ANY NEW CAUSE OF
18 ACTION AGAINST THE CONVERTING ORGANIZATION AS A RESULT OF THE
19 CONVERSION.

20 Sec. 715. (1) A mutual savings bank may apply to convert to
21 a stock savings bank. The application shall include a resolution
22 of the board of directors authorizing the application, proposed
23 amendments to the articles of incorporation of the mutual savings
24 bank to authorize the issuance and sale of stock, a plan of con-
25 version, and any other information as the commissioner may
26 require. Within 100 days of receipt of a completed application,
27 the commissioner shall issue his or her approval or denial of the

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1 proposed amendments to the articles of incorporation and the plan
2 of conversion, along with his or her preliminary approval or
3 denial of the conversion.

4 (2) Upon receipt of a preliminary approval to convert, a
5 mutual savings bank shall obtain the affirmative vote of 2/3 of
6 ~~its total membership authorizing the conversion in accordance~~
7 ~~with the preliminary approval of the commissioner~~ THE VOTES
8 CAST.

9 (3) Following the approval of its membership, the mutual
10 savings bank may request authorization of the commissioner to
11 convert to a stock savings bank. The request shall include a
12 certified copy of the election results of the membership along
13 with a resolution of the board of directors requesting approval
14 to convert to a stock savings bank. Within 30 days of receipt of
15 a request to convert, the commissioner shall issue his or her
16 approval or denial.

17 (4) The conversion of a mutual savings bank to a stock sav-
18 ings bank shall not release the mutual savings bank from its
19 obligations to pay and discharge all the liabilities created by
20 law or incurred by the mutual savings bank before becoming a
21 stock savings bank or any tax imposed by the laws of this state
22 up to the date of the mutual savings bank becoming a stock sav-
23 ings bank in proportion to the time which has elapsed since the
24 last preceding payment or any assessment, penalty, or forfeiture
25 imposed or incurred under the laws of this state up to the date
26 of the mutual savings bank becoming a stock savings bank. A

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1 conversion shall not be made to defeat or defraud any of the
2 members or creditors of the mutual savings bank.

3 Sec. 804. ~~A savings bank subject to this act shall have~~
4 ~~the same tax exemptions as a savings and loan association under~~
5 ~~section 458 of Act No. 156 of the Public Acts of 1964, being sec-~~
6 ~~tion 489.858 of the Michigan Compiled Laws.~~ A SAVINGS BANK
7 SUBJECT TO THIS ACT SHALL HAVE THE FOLLOWING TAX EXEMPTIONS:

8 (A) ALL MORTGAGES OR OTHER SECURITIES HELD BY SAVINGS BANKS
9 ARE EXEMPT FROM ALL MUNICIPAL OR OTHER TAXES UNDER THE LAWS OF
10 THIS STATE.

11 (B) ALL PERSONAL PROPERTY OWNED BY SAVINGS BANKS IS EXEMPT
12 FROM TAXATION.

13 Enacting section 1. Section 425 of the savings bank act,
14 1996 PA 354, MCL 487.3425, is repealed.

15 Enacting section 2. This amendatory act does not take
16 effect unless all of the following bills of the 90th Legislature
17 are enacted into law:

18 (a) House Bill No. 5907.

19 (b) House Bill No. 5908.