



# HOUSE BILL No. 5909

June 20, 2000, Introduced by Reps. Sanborn, Wojno, Shackleton, Hager, Mortimer, Van Woerkom, Bishop, DeVuyst, Rick Johnson, Daniels, Hale, Thomas, Bob Brown, Patterson, Julian, Ehardt, Bisbee, Law, Clark, Richner, O'Neil, Jansen and Basham and referred to the Committee on Insurance and Financial Services.

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, 334, 335, 336, 401, 409, 412, 413, 417, 422, 428, 430,  
432, 508, 701, 703, 705, 706, 708, 709, 710, 711, 712, 713, 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,  
487.3334, 487.3335, 487.3336, 487.3401, 487.3409, 487.3412,  
487.3413, 487.3417, 487.3422, 487.3428, 487.3430, 487.3432,  
487.3508, 487.3701, 487.3703, 487.3705, 487.3706, 487.3708,  
487.3709, 487.3710, 487.3711, 487.3712, 487.3713, 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  
adding sections 330a, 340, 501, 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 provi-  
23 sions of section 302, but shall comply with all other provisions  
24 of this act.

1       (6) ~~(4)~~ The shares of stock of a stock savings bank  
2 organized under this section shall be owned exclusively by  
3 depository institutions.

4       (7) ~~(5)~~ As used in this section, "applicant" means the  
5 depository institutions making an application under this  
6 section.

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

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

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

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

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

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

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

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

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

26           Sec. 313. ~~(1) There shall be issued to every shareholder~~  
27 ~~in a savings bank, certificates of stock which shall be~~

~~1 transferable on the books of the savings bank in a manner as  
2 provided in the bylaws or articles of incorporation. A transfer  
3 of stock shall not be valid against the savings bank, except with  
4 the consent of the board of directors, unless the registered  
5 holder of the stock is liable as principal debtor, surety, or  
6 otherwise to the savings bank for any debt which is due and  
7 unpaid.~~

~~8 (2) If the registered holder of stock of a savings bank is  
9 liable to it as principal debtor, surety, or otherwise for a debt  
10 that is due and unpaid, the directors of the bank may sell a suf=  
11 ficient amount of the stock of the delinquent shareholder in the  
12 same manner and with the same effect as provided in section 501  
13 in the case of an unpaid assessment on the stock of the savings  
14 bank. This section does not prevent the savings bank from bring=  
15 ing proceedings to recover the entire amount of the indebtedness  
16 at any time before the sale or to recover the balance of the debt  
17 and costs after the proceeds of sale have been applied against  
18 the debt and costs or to recover the balance of the debt after  
19 the cancellation of the stock.~~

~~20 (3) The rights of a savings bank in its stock under this  
21 section shall be subject to any pledge, sale, or other transfer  
22 of the stock that is made prior to the maturity of any indebted=  
23 ness of the registered holder of the stock to the savings bank  
24 and of that the savings bank has knowledge prior to the maturity,  
25 whether or not the stock was transferred on the books of the sav=  
26 ings bank. Any stock of a savings bank that is pledged, sold, or  
27 otherwise transferred prior to the maturity of any indebtedness~~

~~1 of the registered holder of the stock to the savings bank and of  
2 which pledge, sale, or other transfer the savings bank has knowl=  
3 edge prior to the maturity, may be transferred on the books of  
4 the savings bank after the maturity without the consent of the  
5 board of directors of the savings bank.~~

~~6 (4) The rights of a savings bank in its stock under this  
7 section, including the limitation on transferability if the reg=  
8 istered holder is liable to the savings bank for any debt that is  
9 due and unpaid, shall not be applicable with respect to any stock  
10 duly listed on any stock exchange.~~

~~11 (5) Certificates issued shall state all of the following:~~

~~12 (a) The name and location of the savings bank.~~

~~13 (b) The name of the holder of record of the stock.~~

~~14 (c) The number, par value, and class of shares that the cer=  
15 tificates represent.~~

~~16 (d) If the savings bank issues stock of more than 1 class,  
17 the respective rights, preferences, privileges, voting rights,  
18 powers, restrictions, limitations, and qualifications of each  
19 class of stock issued shall be stated in full or in summary upon  
20 the front or back of the certificates or be incorporated by a  
21 reference to the articles of incorporation set forth on the front  
22 of the certificates.~~

~~23 (e) If the stock is not listed on an exchange, that no  
24 transfer shall be valid against the savings bank so long as the  
25 registered holder is liable as principal debtor, surety, or oth=  
26 erwise to the savings bank, except with the approval of the board  
27 of directors or except as otherwise provided in this act.~~

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

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

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

25       (2) UNLESS THE ARTICLES OF INCORPORATION OR BYLAWS PROVIDE  
26 OTHERWISE, THE BOARD MAY AUTHORIZE THE ISSUANCE OF SOME OR ALL OF  
27 THE SHARES OF ANY OR ALL OF ITS CLASSES OR SERIES OF STOCK

1 WITHOUT CERTIFICATES IF WITHIN A REASONABLE TIME AFTER ISSUANCE  
2 OF A SHARE WITHOUT A CERTIFICATE THE SAVINGS BANK PROVIDES THE  
3 SHAREHOLDER WITH A WRITTEN STATEMENT OF THE INFORMATION REQUIRED  
4 ON A CERTIFICATE UNDER SUBSECTION (5). THE AUTHORIZATION SHALL  
5 NOT HAVE ANY EFFECT ON SHARES ALREADY REPRESENTED BY CERTIFICATES  
6 UNLESS THEY ARE SURRENDERED TO THE SAVINGS BANK.

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

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



1 OF THE STOCK TO THE SAVINGS BANK AND OF WHICH PLEDGE, SALE, OR  
2 OTHER TRANSFER THE SAVINGS BANK HAS KNOWLEDGE BEFORE THE MATURI-  
3 TY, MAY BE TRANSFERRED ON THE BOOKS OF THE SAVINGS BANK AFTER THE  
4 MATURITY WITHOUT THE CONSENT OF THE BOARD OF DIRECTORS OF THE  
5 SAVINGS BANK.

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

11 (6) EACH CERTIFICATE ISSUED AFTER THE EFFECTIVE DATE OF THE  
12 AMENDATORY ACT THAT ADDED SUBSECTION (8) SHALL STATE ALL OF THE  
13 FOLLOWING:

14 (A) THE NAME AND ADDRESS OF THE PRINCIPAL OFFICE OF THE SAV-  
15 INGS BANK.

16 (B) THE NAME OF THE HOLDER OF RECORD OF THE STOCK IT  
17 REPRESENTS.

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

20 (D) THE RESPECTIVE VOTING, DISTRIBUTION, DIVIDEND, LIQUIDA-  
21 TION, DISSOLUTION, AND OTHER RIGHTS, PREFERENCES, AND LIMITATIONS  
22 OF THE STOCK ISSUED, WHICH INFORMATION SHALL BE STATED IN FULL OR  
23 IN SUMMARY UPON THE FRONT OR BACK OF THE CERTIFICATE OR SHALL BE  
24 INCORPORATED BY A REFERENCE TO THE ARTICLES OF INCORPORATION SET  
25 FORTH ON THE FRONT OF THE CERTIFICATE.

26 (E) IF THE STOCK IS NOT LISTED, THAT NO TRANSFER OF THE  
27 STOCK SHALL BE VALID AGAINST THE SAVINGS BANK SO LONG AS THE

1 REGISTERED HOLDER IS LIABLE AS PRINCIPAL DEBTOR, SURETY, OR  
2 OTHERWISE TO THE SAVINGS BANK, EXCEPT WITH THE APPROVAL OF THE  
3 BOARD OF DIRECTORS OR AS OTHERWISE PROVIDED IN THIS ACT.

4 (F) THE SIGNATURE OF THE PRESIDENT OR OTHER OFFICER AS PRO-  
5 VIDED BY THE BYLAWS OF THE SAVINGS BANK AND, OPTIONALLY, THE SEAL  
6 OF THE SAVINGS BANK.

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

8 (A) THE SIGNATURE OF A TRANSFER AGENT.

9 (B) THE SIGNATURE OF A REGISTRAR.

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

11 (D) THE SEAL OF THE SAVINGS BANK.

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

20 Sec. 314. ~~(1) With the approval of the commissioner, and~~  
21 ~~by a vote of shareholders owning 2/3 of each class of the stock~~  
22 ~~entitled to vote, a savings bank may increase its capital stock~~  
23 ~~to any sum approved by the commissioner, either by an increase in~~  
24 ~~the par value of the existing stock or by the issuance of new~~  
25 ~~stock, including preferred stock.~~

26 ~~(2) An increase in capital is not valid until the whole~~  
27 ~~amount of the increase is paid in and notice has been transmitted~~

1 to the commissioner specifying the amount of the increase in  
2 capital stock and that it has been duly paid in as a part of the  
3 capital of the savings bank.

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

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

24       (1) BY A VOTE OF SHAREHOLDERS OWNING 2/3 OF EACH CLASS OF  
25 THE STOCK ENTITLED TO VOTE, A SAVINGS BANK MAY AMEND ITS ARTICLES  
26 TO INCREASE ITS CAPITAL STOCK TO ANY SUM APPROVED BY THE

1 COMMISSIONER, EITHER BY AN INCREASE IN THE PAR VALUE OF  
2 AUTHORIZED STOCK OR BY THE AUTHORIZATION OF NEW STOCK.

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

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

18       (4) NOTWITHSTANDING THIS SECTION, A SAVINGS BANK, WITH THE  
19 APPROVAL OF THE COMMISSIONER AND BY A VOTE OF SHAREHOLDERS OWNING  
20 2/3 OF EACH CLASS OF THE STOCK ENTITLED TO VOTE, FOR THE STATED  
21 PURPOSE OF PROVIDING STOCK OPTIONS FOR 1 OR MORE EMPLOYEES OR  
22 DIRECTORS, MAY INCREASE ITS CAPITAL STOCK IN AN AGGREGATE PAR  
23 VALUE AMOUNT NOT TO EXCEED AT ANY 1 TIME 5% OF THE PAR VALUE OF  
24 ITS THEN OUTSTANDING COMMON STOCK. THE ADDITIONAL STOCK, WHEN  
25 DULY AUTHORIZED, MAY BE ISSUED BY THE SAVINGS BANK FROM TIME TO  
26 TIME FOR THIS PURPOSE BUT FOR NO OTHER PURPOSE, AS OPTIONS ARE

1 EXERCISED AND PAYMENT FOR THE STOCK IS RECEIVED, FREE FROM ANY  
2 PREEMPTIVE RIGHTS TO SUBSCRIBE FOR STOCK.

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

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

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

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

21       (d) If the surplus of a savings bank is less than the amount  
22 of its capital, before the declaration of a cash dividend or div-  
23 idend in kind, it shall transfer to surplus not less than 10% of  
24 its net ~~profits~~ INCOME of the preceding half-year in the case  
25 of quarterly or semiannual dividends, or not less than 10% of its  
26 net ~~profits~~ INCOME of the preceding 2 consecutive half-year  
27 periods in the case of annual dividends. For the purpose of this

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

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

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

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

1 (4) DIVIDENDS PAID TO SHAREHOLDERS UNDER A DIVIDEND  
2 REINVESTMENT PLAN SHALL BE SUBJECT TO THIS ACT REGARDING THE  
3 PAYMENT 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

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~~



~~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

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

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~~

~~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,

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

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

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

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



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~~

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 (4) TO THE EXTENT THAT A DIRECTOR, OFFICER, EMPLOYEE, OR  
17 AGENT OF A SAVINGS BANK HAS BEEN SUCCESSFUL ON THE MERITS OR OTH-  
18 ERWISE IN DEFENSE OF AN ACTION, SUIT, OR PROCEEDING DESCRIBED IN  
19 THIS SECTION, OR IN DEFENSE OF A CLAIM, ISSUE, OR MATTER IN THE  
20 ACTION, SUIT, OR PROCEEDING, HE OR SHE SHALL BE INDEMNIFIED  
21 AGAINST ACTUAL AND REASONABLE EXPENSES, INCLUDING ATTORNEY FEES,  
22 INCURRED BY HIM OR HER IN CONNECTION WITH THE ACTION, SUIT, OR  
23 PROCEEDING AND AN ACTION, SUIT, OR PROCEEDING BROUGHT TO ENFORCE  
24 THE MANDATORY INDEMNIFICATION PROVIDED IN THIS SUBSECTION.

25 (5) AN INDEMNIFICATION UNDER THIS SECTION, UNLESS ORDERED BY  
26 THE COURT, SHALL BE MADE BY THE SAVINGS BANK ONLY AS AUTHORIZED  
27 IN THE SPECIFIC CASE UPON A DETERMINATION THAT INDEMNIFICATION OF

1 THE DIRECTOR, OFFICER, EMPLOYEE, OR AGENT IS PROPER IN THE  
2 CIRCUMSTANCES BECAUSE HE OR SHE HAS MET THE APPLICABLE STANDARD  
3 OF CONDUCT SET FORTH IN THIS SECTION AND UPON AN EVALUATION OF  
4 THE REASONABLENESS OF EXPENSES AND AMOUNTS PAID IN SETTLEMENT.  
5 THIS DETERMINATION AND EVALUATION SHALL BE MADE IN ANY OF THE  
6 FOLLOWING WAYS:

7 (A) BY A MAJORITY VOTE OF A QUORUM OF THE BOARD CONSISTING  
8 OF DIRECTORS WHO ARE NOT PARTIES OR THREATENED TO BE MADE PARTIES  
9 TO THE ACTION, SUIT, OR PROCEEDING.

10 (B) IF THE QUORUM DESCRIBED IN SUBDIVISION (A) IS NOT  
11 OBTAINABLE, BY MAJORITY VOTE OF A COMMITTEE DULY DESIGNATED BY  
12 THE BOARD AND CONSISTING SOLELY OF 2 OR MORE DIRECTORS NOT AT THE  
13 TIME PARTIES OR THREATENED TO BE MADE PARTIES TO THE ACTION,  
14 SUIT, OR PROCEEDING.

15 (C) BY INDEPENDENT LEGAL COUNSEL IN A WRITTEN OPINION, WHICH  
16 COUNSEL SHALL BE SELECTED IN 1 OF THE FOLLOWING WAYS:

17 (i) BY THE BOARD OR ITS COMMITTEE IN THE MANNER PRESCRIBED  
18 IN SUBDIVISION (A) OR (B).

19 (ii) IF A QUORUM OF THE BOARD CANNOT BE OBTAINED UNDER SUB-  
20 DIVISION (A) AND A COMMITTEE CANNOT BE DESIGNATED UNDER SUBDIVI-  
21 SION (B), BY THE BOARD.

22 (D) BY ALL INDEPENDENT DIRECTORS WHO ARE NOT PARTIES OR  
23 THREATENED TO BE MADE PARTIES TO THE ACTION, SUIT, OR  
24 PROCEEDING.

25 (E) BY THE SHAREHOLDERS, BUT SHARES HELD BY DIRECTORS, OFFI-  
26 CERS, EMPLOYEES, OR AGENTS WHO ARE PARTIES OR THREATENED TO BE

1 MADE PARTIES TO THE ACTION, SUIT, OR PROCEEDING MAY NOT BE  
2 VOTED.

3 (6) ALL DIRECTORS MAY PARTICIPATE IN THE DESIGNATION OF A  
4 COMMITTEE UNDER SUBSECTION (5)(B) OR IN THE SELECTION OF INDEPEN-  
5 DENT LEGAL COUNSEL UNDER SUBSECTION (5)(C)(ii).

6 (7) IF A PERSON IS ENTITLED TO INDEMNIFICATION UNDER THIS  
7 SECTION FOR A PORTION OF EXPENSES, INCLUDING REASONABLE ATTORNEY  
8 FEES, JUDGMENTS, PENALTIES, FINES, AND AMOUNTS PAID IN SETTLE-  
9 MENT, BUT NOT FOR THE TOTAL AMOUNT OF THE EXPENSES, THE SAVINGS  
10 BANK MAY INDEMNIFY THE PERSON FOR THE PORTION OF THE EXPENSES,  
11 JUDGMENTS, PENALTIES, FINES, OR AMOUNTS PAID IN SETTLEMENT FOR  
12 WHICH THE PERSON IS ENTITLED TO BE INDEMNIFIED.

13 (8) A SAVINGS BANK MAY PAY OR REIMBURSE THE REASONABLE  
14 EXPENSES INCURRED BY A DIRECTOR, OFFICER, EMPLOYEE, OR AGENT WHO  
15 IS A PARTY OR THREATENED TO BE MADE A PARTY TO AN ACTION, SUIT,  
16 OR PROCEEDING DESCRIBED IN THIS SECTION IN ADVANCE OF THE FINAL  
17 DISPOSITION OF THE ACTION, SUIT, OR PROCEEDING IF ALL OF THE FOL-  
18 LOWING APPLY:

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

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

1 (C) A DETERMINATION IS MADE THAT THE FACTS THEN KNOWN TO  
2 THOSE MAKING THE DETERMINATION WOULD NOT PRECLUDE INDEMNIFICATION  
3 UNDER THIS ACT.

4 SEC. 330A. FOR PURPOSES OF THIS SECTION AND SECTIONS 326,  
5 327, 328, 329, 330, AND 332, A PERSON WHO IS OR WAS A DIRECTOR,  
6 OFFICER, EMPLOYEE, OR AGENT OF A DEPOSITORY INSTITUTION ABSORBED  
7 IN A CONSOLIDATION OR MERGER OR IS OR WAS SERVING AT THE REQUEST  
8 OF THE DEPOSITORY INSTITUTION AS A DIRECTOR, OFFICER, PARTNER,  
9 TRUSTEE, EMPLOYEE, OR AGENT OF ANOTHER DEPOSITORY INSTITUTION,  
10 FOREIGN OR DOMESTIC CORPORATION, PARTNERSHIP, JOINT VENTURE,  
11 TRUST, OR OTHER ENTERPRISE, WHETHER FOR PROFIT OR NOT, SHALL HOLD  
12 THE SAME POSITION WITH RESPECT TO THE CONSOLIDATED BANK AS HE OR  
13 SHE WOULD IF HE OR SHE HAD SERVED THE CONSOLIDATED BANK IN THAT  
14 CAPACITY.

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

25 (2) With respect to an action, suit, or proceeding begun or  
26 commenced by or against the savings bank prior to the  
27 commencement of voluntary liquidation proceedings, and with

1 respect to any action, suit, or proceeding begun or commenced by  
2 the savings bank within 3 years after the commencement of volun-  
3 tary liquidation proceedings, the savings bank shall be continued  
4 as a body corporate ~~beyond the 3-year period and~~ until any  
5 judgments, orders, or decrees are fully executed.

6 (3) If the number of directors of a savings bank that has  
7 commenced voluntary liquidation proceedings is less than the full  
8 number of directors required or authorized by statute or by the  
9 bylaws of the savings bank for any reason, a majority of the  
10 remaining surviving directors or the sole surviving director ~~—~~,  
11 ~~during the period of 3 years,~~ shall possess the same powers in  
12 acting for the savings bank under this section as the duly autho-  
13 rized board of directors of the savings bank possessed before the  
14 commencement of voluntary liquidation proceedings. ~~or during the~~  
15 ~~term of 3 years.~~

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

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

26 (2) A savings bank whose term has expired, but which has not  
27 been wound up or dissolved and which has nevertheless

1 inadvertently continued its active business beyond such term, may  
2 renew its corporate existence by amendment of its articles with  
3 the consent of at least ~~4/5~~ 2/3 of its members or the holders  
4 of at least ~~4/5~~ 2/3 of ~~its capital stock~~ THE OUTSTANDING  
5 SHARES. The officers and directors de facto shall do and perform  
6 all things required of officers and directors de jure as respects  
7 calling a special meeting of the shareholders and submitting to  
8 them the question of renewing the corporate existence.

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

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

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

26 (a) ~~Sell all or substantially all of its assets of every~~  
27 ~~kind, character, and description, including, but not limited to,~~

~~1 its goodwill and corporate franchises to another savings bank,  
2 bank, out-of-state bank, national bank, or association.~~

~~3 (b) Purchase all or substantially all of the assets of every  
4 kind, character, and description, including, but not limited to,  
5 the goodwill and corporate franchises and assume the liabilities  
6 of another savings bank, bank, out-of-state bank, national bank,  
7 or association.~~

~~8 (2) The consideration for a purchase and sale under this  
9 section may include shares of stock of the purchasing savings  
10 bank, bank, out-of-state bank, national bank, or association. A  
11 purchase and sale shall not be made to defeat or defraud any of  
12 the creditors of the organizations.~~

~~13 (3) Certified copies of all members', shareholders', and  
14 directors' proceedings under this section shall be filed with the  
15 commissioner and contain in detail the particulars relating to  
16 the sale and purchase, including a copy of the agreement of sale  
17 and purchase.~~

18 (1) WITH THE APPROVAL OF THE COMMISSIONER, BASED UPON AN  
19 EXAMINATION OR OTHER APPROPRIATE ANALYSIS OF EITHER THE BUYING OR  
20 SELLING ORGANIZATION, OR BOTH, AND UPON THE AFFIRMATIVE VOTE OF A  
21 MAJORITY OF THE MEMBERS OF ITS BOARD OF DIRECTORS AND OF THE  
22 HOLDERS OF 2/3 OF ITS STOCK ENTITLED TO VOTE, A SAVINGS BANK MAY  
23 DO EITHER OR BOTH OF THE FOLLOWING:

24 (A) SELL ALL OR SUBSTANTIALLY ALL OF ITS ASSETS OF EVERY  
25 KIND, CHARACTER, AND DESCRIPTION AND ASSIGN ITS LIABILITIES TO  
26 ANY DEPOSITORY INSTITUTION.



1 (B) PURCHASE ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF EVERY  
2 KIND, CHARACTER, AND DESCRIPTION AND ASSUME THE LIABILITIES OF  
3 ANOTHER DEPOSITORY INSTITUTION.

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

7 (3) A PURCHASE AND SALE SHALL NOT BE MADE TO DEFEAT OR  
8 FRAUD ANY OF THE CREDITORS OF THE DEPOSITORY INSTITUTIONS.

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

13 (5) THE LIABILITY OF A DEPOSITORY INSTITUTION OR OF ITS  
14 SHAREHOLDERS, DIRECTORS, OR OFFICERS, OR THE RIGHTS OF CREDITORS  
15 OF, OR OTHER PERSONS TRANSACTING BUSINESS WITH, THE DEPOSITORY  
16 INSTITUTION SHALL NOT BE LESSENE OR IMPAIRED AS THE RESULT OF A  
17 SALE OF ASSETS UNDER THIS SECTION.

18 (6) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, A SAV-  
19 INGS BANK THAT PURCHASES OR ASSUMES ALL OR SUBSTANTIALLY ALL OF  
20 THE ASSETS OR LIABILITIES OF A DEPOSITORY INSTITUTION MAY RETAIN,  
21 MAINTAIN, AND OPERATE THE PRINCIPAL OFFICE OR BRANCHES OF THE  
22 DEPOSITORY INSTITUTION AS BRANCHES OF THE PURCHASING SAVINGS BANK  
23 WITHOUT PROVIDING NOTICE TO THE COMMISSIONER PROVIDED IT ASSUMES  
24 THE DEPOSIT LIABILITIES OF THE DEPOSITORY INSTITUTION MAINTAINED  
25 AT THE PRINCIPAL OFFICE OR BRANCHES.

1           SEC. 340. THE COMMISSIONER MAY PROMULGATE RULES UNDER THE  
2 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO  
3 24.328, TO IMPLEMENT AND ENFORCE THIS ACT.

4           Sec. 401. (1) Except as otherwise provided by this act, a  
5 savings bank may engage in the business of banking and exercise  
6 all powers incidental to the business of banking or which further  
7 or facilitate the purposes of a savings bank. A savings bank has  
8 all the powers conferred by this act and granted by rule, order,  
9 or declaratory ruling of the commissioner, including, but not  
10 limited to, all of the following powers:

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

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

18           (c) To make contracts.

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

21           (e) To elect or appoint directors who shall appoint from  
22 their members a president who shall perform duties as may be des-  
23 ignated by the board, and who shall serve as the chairperson of  
24 the board, unless the board designates another director to be  
25 chairperson in lieu of the president. The board may appoint  
26 officers as the board considers necessary, who need not be

1 members of the board, define their duties, dismiss at pleasure,  
2 and appoint other officers to fill vacancies.

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

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

8 (h) To make investments permitted by this act and those  
9 investments permitted by order or declaratory ruling of the  
10 commissioner.

11 (i) To make contributions and donations for the public wel-  
12 fare or for religious, charitable, scientific, or educational  
13 purposes, and, in connection with the contributions and dona-  
14 tions, establish and operate charitable trusts.

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

20 (k) To act as agent of the United States or of an instrumen-  
21 tality or agency of the United States, or of a state, for the  
22 sale or issue of bonds, notes, or other obligations of the United  
23 States, or of a state and to act as a fiscal agent of the United  
24 States, a state, or as a treasury tax and loan depository and  
25 perform all reasonable duties in those capacities as may be pre-  
26 scribed or required by regulation of the secretary of the  
27 treasury of the United States, or of the treasurer of a state,

1 and to take other action as may be necessary or proper to enable  
2 the savings bank to act under this subdivision.

3 (l) To become a member of the federal reserve system, to  
4 hold shares of stock in a federal reserve bank, to take all  
5 actions incident to its membership, and to exercise all powers,  
6 not inconsistent with the provisions of this act, conferred on  
7 member banks by the federal reserve act.

8 (m) To become an insured bank under the federal deposit  
9 insurance act, and to take actions incident to an insured status  
10 under that act.

11 (n) To become a member and buy and hold stock of the federal  
12 home loan bank as defined in section 2 of the federal home loan  
13 bank act, chapter 522, 47 Stat. 725, 12 U.S.C. 1422, and to exer-  
14 cise those powers conferred upon a federal home loan bank member  
15 by the federal home loan bank that are consistent with this act.

16 (o) To sell mortgage loans to the federal national mortgage  
17 association, the federal home loan mortgage corporation, and the  
18 government national mortgage association, or successors of the  
19 associations, or any other secondary market loan purchaser and,  
20 in connection with these associations, to make payments of capi-  
21 tal contributions, required by law, in the nature of subscrip-  
22 tions for stock of an association or successor of the associa-  
23 tion, to receive stock evidencing the capital contributions, and  
24 to hold or dispose of the stock.

25 (p) To conduct its business through subsidiaries, at the  
26 same location or a location different from the savings bank. A  
27 subsidiary may engage in all activities and make all investments

1 permitted for a savings bank by this act or by rule, order, or  
2 declaratory ruling of the commissioner, except that a subsidiary  
3 may not accept deposits or engage in trust activities unless spe-  
4 cifically authorized by the commissioner or by another statute of  
5 this state. In addition, a subsidiary may engage in activities  
6 specifically permitted for subsidiaries by order or declaratory  
7 ruling of the commissioner. Except upon written approval of the  
8 commissioner, a savings bank shall not be a general partner in a  
9 subsidiary.

10 (q) To engage in any aspect of the insurance and surety  
11 business as an agent, broker, solicitor, or insurance counselor  
12 as provided under the insurance code of 1956, ~~Act No. 218 of the~~  
13 ~~Public Acts of 1956, being sections 500.100 to 500.8302 of the~~  
14 ~~Michigan Compiled Laws~~ 1956 PA 218, MCL 500.100 TO 500.8302, and  
15 to own an insurance agency in whole or in part as provided under  
16 ~~Act No. 218 of the Public Acts of 1956~~ THE INSURANCE CODE OF  
17 1956, 1956 PA 218, MCL 500.100 TO 500.8302.

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

21 (s) Notwithstanding any provision of this act, to acquire  
22 and hold property, or a security interest in property, as protec-  
23 tion against loss on an evidence of indebtedness, on an agreement  
24 for the payment of money, or on an investment security previously  
25 acquired lawfully and in good faith, subject to disposition of  
26 property within a period of 60 months after the date of  
27 acquisition, or a longer period as the commissioner may approve.

1 (t) To service loans for others and to receive a fee for the  
2 service.

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

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

9 (w) To make, sell, purchase, arrange, participate in, invest  
10 in, or otherwise deal in loans or extensions of credit for agri-  
11 cultural, business, corporate, or commercial purposes, which are  
12 unsecured or secured by liens or interests in personal property  
13 or real estate.

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

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

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

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

1 (bb) To establish and operate a loan production office or  
2 loan production offices within this state and outside this state  
3 as permitted by section 418.

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

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

10 (i) Receive deposits.

11 (ii) Permit withdrawals of deposits.

12 (iii) Renew time deposits.

13 (iv) Close loans.

14 (v) Service loans.

15 (vi) Receive loan payments.

16 (vii) Engage in any activity specifically authorized by this  
17 act or by order or declaratory ruling of the commissioner.

18 (ee) To sell money orders, travel checks, cashier's checks,  
19 and similar instruments drawn by it on its accounts or as agent  
20 for any organization empowered to sell the instruments through  
21 agents within this state.

22 (ff) To guarantee the signatures of customers and others.

23 (gg) To operate a safe and collateral deposit company or  
24 department under section 428.

25 (hh) To engage directly in the real estate brokerage busi-  
26 ness as provided under article 25 of the occupational code, ~~Act~~  
27 ~~No. 299 of the Public Acts of 1980, being sections 339.2501 to~~

1 ~~339.2518 of the Michigan Compiled Laws 1980 PA 299, MCL 339.2501~~  
2 TO 339.2518, and section 409.

3 (ii) To own in whole or in part a real estate brokerage  
4 business as provided under ~~Act No. 299 of the Public Acts of~~  
5 ~~1980~~ ARTICLE 25 OF THE OCCUPATIONAL CODE, 1980 PA 299,  
6 MCL 339.2501 TO 339.2518, and section 409.

7 (jj) To issue securities in the form of bonds, notes, debentures,  
8 and other evidence of indebtedness.

9 (2) ~~The commissioner may promulgate rules under section~~  
10 ~~208, or issue declaratory rulings, or issue orders, permitting~~  
11 ~~savings banks to exercise powers not authorized by this act. It~~  
12 ~~is intended that this subsection shall vest in the commissioner~~  
13 ~~the discretion and authority to authorize savings banks to exer=~~  
14 ~~cise all powers appropriate and necessary to compete with other~~  
15 ~~depository financial institutions and other providers of finan=~~  
16 ~~cial services. In the exercise of the discretion permitted by~~  
17 ~~this subsection, the commissioner shall consider the ability of~~  
18 ~~savings banks to exercise any additional power in a safe and~~  
19 ~~sound manner, the authority of state and national banks, associa=~~  
20 ~~tions, and state and federal credit unions, operating under state~~  
21 ~~or federal law or regulation, the powers of other competing enti=~~  
22 ~~ties providing financial services in this state, and any specific~~  
23 ~~limitations on powers contained in this act or in any other state~~  
24 ~~law. On at least a quarterly basis, the commissioner shall give~~  
25 ~~notice to all savings banks of rules promulgated, or declaratory~~  
26 ~~rulings or determinations, or orders, issued under this~~  
27 ~~subsection. THE COMMISSIONER MAY AUTHORIZE BY ORDER OR~~



1 DECLARATORY RULING A SAVINGS BANK TO EXERCISE FURTHER POWERS  
2 CONSISTENT WITH THE SAFE AND SOUND CONDUCT OF THE BUSINESS OF  
3 BANKING OR OF A BUSINESS RELATED OR INCIDENTAL TO BANKING AS ARE  
4 GRANTED BY THE LAWS OF THE UNITED STATES OR OF ANY STATE OR  
5 POLITICAL SUBDIVISION OF THE UNITED STATES TO FINANCIAL SERVICE  
6 PROVIDERS.

7       Sec. 409. (1) A savings bank that engages directly in the  
8 real estate brokerage business or owns in whole or in part a real  
9 estate brokerage business shall provide written notice of its  
10 licensure as a real estate broker or its ownership of a real  
11 estate brokerage business to the commissioner within 10 days of  
12 licensure or ownership. The notice required by this subsection  
13 shall include the name and business address of the real estate  
14 brokerage.

15       (2) A savings bank that engages directly in the real estate  
16 brokerage business or owns in whole or in part a real estate bro-  
17 kerage business shall not do any of the following:

18       (a) Impose a requirement, verbally or in writing, that a  
19 borrower must contract for or enter into any other arrangement  
20 for real estate brokerage services with a particular real estate  
21 broker.

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

25       (c) Impose a requirement, verbally or in writing, that a  
26 real estate brokerage customer shall make application for a loan

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

3 (d) Impose a requirement, verbally or in writing, that a  
4 condition of providing real estate brokerage services is that the  
5 customer shall make an application for a loan or any other  
6 arrangement for other services of the savings bank or any of its  
7 subsidiaries, agencies, or services entities.

8 (e) Offer or provide more favorable consideration, terms, or  
9 conditions for any financial products or services to induce or  
10 attempt to induce a person to enter into any arrangement for real  
11 estate brokerage services with any particular real estate  
12 broker.

13 (f) Offer or provide more favorable terms or conditions for  
14 any real estate brokerage services to induce or attempt to induce  
15 a person to apply for a loan or obtain any other services of a  
16 particular savings bank or any of its subsidiaries, agencies, or  
17 service entities.

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

20 (3) A savings bank that engages directly in the real estate  
21 brokerage business or owns in whole or in part a real estate bro-  
22 kerage business under this section shall clearly disclose in  
23 writing to any person who applies for credit related to a real  
24 estate transaction or applies for prequalification or preapproval  
25 for credit related to a real estate transaction, that the person  
26 is not required to contract for or enter into an arrangement for  
27 real estate brokerage services with a particular real estate

1 broker. Compliance with the disclosure requirements of this  
2 subsection shall not be necessary when a person applies for  
3 credit or prequalification for credit solely for the purpose of  
4 refinancing an existing indebtedness.

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

11 (5) The requirements of subsections (3) and (4) do not apply  
12 when the person has been given the ~~controlled~~ AFFILIATED busi-  
13 ness arrangement disclosure statement required by the real estate  
14 settlement procedures act of 1974, Public Law 93-533,  
15 88 Stat. 1724.

16 (6) If the commissioner finds that a savings bank has vio-  
17 lated this section, the commissioner may issue an order requiring  
18 the savings bank to cease and desist the activity that violates  
19 this section. If the commissioner additionally finds that the  
20 violation was knowingly committed, the commissioner may order any  
21 of the following:

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

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

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

4 Sec. 412. ~~Upon written notice to the commissioner, a sav-~~  
5 ~~ings bank may change the location of its main office to any~~  
6 ~~existing branch location of the savings bank within the limits of~~  
7 ~~the city, village, or township in which the savings bank is~~  
8 ~~located. With the prior written approval of the commissioner, a~~  
9 ~~savings bank may change the location of its principal office to~~  
10 ~~any other location within this state.~~

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

14 (2) UNLESS THE COMMISSIONER OBJECTS IN WRITING WITHIN 60  
15 DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM THE SAVINGS BANK OF ITS  
16 INTENT TO RELOCATE ITS PRINCIPAL OFFICE, A SAVINGS BANK MAY  
17 CHANGE THE LOCATION OF ITS PRINCIPAL OFFICE TO ANY OTHER LOCATION  
18 WITHIN THIS STATE WHICH IS NOT AN EXISTING BRANCH LOCATION OF THE  
19 SAVINGS BANK. THE COMMISSIONER MAY ISSUE A WRITTEN STATEMENT OF  
20 INTENT NOT TO OBJECT AT ANY TIME BEFORE EXPIRATION OF THE 60  
21 DAYS.

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

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

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

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

10 (a) The savings bank is holding shares previously purchased  
11 until disposed of in compliance with an existing stock option  
12 plan.

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

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

17 Sec. 417. ~~(1) Upon written notice to the commissioner, a~~  
18 ~~savings bank may establish and operate 1 or more branches or~~  
19 ~~mobile branches within any state, the District of Columbia, or a~~  
20 ~~territory or protectorate of the United States, unless the com-~~  
21 ~~missioner objects in writing within 60 days after receipt of the~~  
22 ~~written notice from the savings bank. The commissioner may issue~~  
23 ~~to the savings bank a written statement of intent not to object.~~  
24 ~~A savings bank may exercise at a branch in another state the~~  
25 ~~powers consistent with the safe and sound conduct of the business~~  
26 ~~of banking as authorized by order or declaratory ruling of the~~

~~1 commissioner and granted by the laws of the state where the  
2 branch is located.~~

~~3 (2) A branch of a savings bank, except for a mobile branch,  
4 shall not be moved from 1 location to another without 30 days'  
5 advance written notice to the commissioner.~~

~~6 (3) Upon written notice to the commissioner, a savings bank  
7 may contract with 1 or more banks, out-of-state banks, national  
8 banks, associations, credit unions, or other savings banks to act  
9 as a branch of the savings bank, unless the commissioner objects  
10 in writing within 60 days after receipt of the written notice  
11 from the savings bank. The commissioner may issue to the savings  
12 bank a written statement of intent not to object that will have  
13 the same effect as a failure by the commissioner to object within  
14 the 60 days provided for under this subsection. This subsection  
15 shall not be construed to limit the powers granted to a savings  
16 bank under section 401(cc).~~

~~17 (4) Upon written notice to the commissioner, 1 or more  
18 banks, out-of-state banks, national banks, associations, credit  
19 unions, or other savings banks, may contract with a savings bank  
20 to act as a branch of the bank, out-of-state bank, national bank,  
21 association, credit union, or other savings bank, unless the com=  
22 missioner objects in writing within 60 days after receipt of the  
23 written notice from the bank, out-of-state bank, national bank,  
24 association, credit union, or other savings bank. The commis=  
25 sioner may issue to the depository institution a written state=  
26 ment of intent not to object that will have the same effect as a  
27 failure by the commissioner to object within the 60 days provided~~

1 ~~for under this subsection. This subsection shall not be~~  
2 ~~construed to limit the powers granted to a savings bank under~~  
3 ~~section 401(cc).~~

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

9 ~~(6) Upon 30 days' advance written notice to the commission-~~  
10 ~~er, a savings bank may contract with a person or entity to act as~~  
11 ~~an agent in an agency office. The written notice shall include~~  
12 ~~the name and address of the person or entity who will act as~~  
13 ~~agent for the savings bank, the location of the agency office,~~  
14 ~~when the agency office will be operational, and the activities in~~  
15 ~~which the agency office will initially be engaged. A savings~~  
16 ~~bank may perform any of the following activities through an~~  
17 ~~agency office:~~

18 ~~(a) Accept a deposit to an existing account and record the~~  
19 ~~addition to the account or give other evidence of receipt as pre-~~  
20 ~~scribed by the savings bank.~~

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

24 ~~(c) Solicit and accept a new account. Evidence of account~~  
25 ~~ownership shall be issued only by authority of the main office or~~  
26 ~~a branch office of the savings bank. An agent may obtain~~  
27 ~~signature cards from the savings bank for the account holder.~~

1       ~~(d) Solicit and accept an application for a loan or for a~~  
2 ~~land contract purchase. The agent shall submit the application~~  
3 ~~to the main office or a branch of the savings bank for processing~~  
4 ~~and approval.~~

5       ~~(e) Disburse withdrawn or loaned funds, upon approval of~~  
6 ~~each disbursement by the savings bank.~~

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

9       ~~(g) Any other services as approved by order or declaratory~~  
10 ~~ruling of the commissioner.~~

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

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

22       (2) THE WRITTEN NOTICE OF INTENT TO ESTABLISH A MOBILE  
23 BRANCH SHALL CONTAIN A STATEMENT BY THE APPLYING SAVINGS BANK  
24 THAT IT INTENDS TO MOVE THE LOCATION OF THE PHYSICAL STRUCTURE OF  
25 THE BRANCH FROM TIME TO TIME.



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

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

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

26           (6) SUBJECT TO THE REQUIREMENTS, LIMITATIONS, AND  
27 RESTRICTIONS OF SUBSECTIONS (1) TO (3), A STATE AGENCY OR STATE

1 FOREIGN SAVINGS BANK BRANCH ORGANIZED UNDER THIS ACT MAY  
2 ESTABLISH AND OPERATE ADDITIONAL OFFICES IN THE UNITED STATES AND  
3 ITS TERRITORIES AND PROTECTORATES.

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

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

22 (9) A FOREIGN SAVINGS BANK BRANCH THAT HAS DESIGNATED A HOME  
23 STATE OTHER THAN THIS STATE MAY ESTABLISH AND OPERATE 1 OR MORE  
24 ADDITIONAL OFFICES IN THIS STATE.

25 (10) PRIOR TO COMMENCING OPERATIONS AT A BRANCH IN THIS  
26 STATE, AN OUT-OF-STATE SAVINGS BANK, FOREIGN SAVINGS BANK, OR  
27 FEDERAL SAVINGS BANK SHALL PROVIDE WRITTEN NOTICE TO THE

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

5 (11) EACH SAVINGS BANK, OUT-OF-STATE SAVINGS BANK, FOREIGN  
6 SAVINGS BANK, AND FEDERAL SAVINGS BANK OPERATING IN THIS STATE  
7 SHALL DO BOTH OF THE FOLLOWING:

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

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

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

19 (13) IF A SAVINGS BANK OR FOREIGN SAVINGS BANK PERMANENTLY  
20 DISCONTINUES THE OPERATIONS OF ANY BRANCH, FOREIGN SAVINGS BANK  
21 AGENCY, OR FOREIGN SAVINGS BANK BRANCH, ALL FUNCTIONS OF THE  
22 BRANCH, FOREIGN SAVINGS BANK AGENCY, OR FOREIGN SAVINGS BANK  
23 BRANCH SHALL BE CONSIDERED TRANSFERABLE TO, AND TREATED AS A PART  
24 OF, THE PRINCIPAL OFFICE OF THE SAVINGS BANK OR, IN THE CASE OF A  
25 FOREIGN SAVINGS BANK, THE PRINCIPAL OFFICE IN THIS COUNTRY.

26 (14) A SAVINGS BANK, OUT-OF-STATE SAVINGS BANK, FEDERAL  
27 SAVINGS BANK, OR FOREIGN SAVINGS BANK SHALL NOTIFY THE

1 COMMISSIONER IN WRITING BEFORE DISCONTINUING OPERATIONS OF A  
2 BRANCH, FOREIGN SAVINGS BANK AGENCY, OR FOREIGN SAVINGS BANK  
3 BRANCH.

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

5 (a) "Banking office" means a main office or authorized  
6 branch of a bank, out-of-state bank, national bank, association,  
7 or savings bank.

8 (b) "Host savings bank" means a bank, national bank, associ-  
9 ation, or savings bank for which trust services are provided by  
10 any other bank, out-of-state bank, national bank, association, or  
11 savings bank.

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

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

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

1           (4) An agreement provided for in this section, including a  
2 lease, or a modification or extension of an agreement, is not  
3 effective ~~as to any savings bank~~ until it is ~~approved in writ-~~  
4 ~~ing by~~ FILED WITH the commissioner. ~~The commissioner may~~  
5 ~~approve the agreement upon consideration of the sufficiency of~~  
6 ~~the capital and surplus of the banks, out-of-state banks,~~  
7 ~~national banks, associations, or savings banks, the need for~~  
8 ~~trust services, and other facts or circumstances that the commis-~~  
9 ~~sioner considers proper.~~

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

21           (6) For an account in which a trust service provider is sub-  
22 stituted for a host savings bank under the terms of a trust serv-  
23 ice agreement, the host savings bank shall send a written notice  
24 of substitution by certified mail. The notice of substitution  
25 shall include the date the notice was mailed and explain that the  
26 trust service provider will not be substituted for the host  
27 savings bank for the account if the recipient of the notice sends

1 a written objection to the host savings bank by first-class mail  
2 within 30 days after the date the notice was mailed. The host  
3 savings bank shall send the notice of substitution to all of the  
4 following:

5 (a) For employee benefit plans, to the plan sponsors.

6 (b) For individual retirement accounts and retirement  
7 accounts for the self-employed, to the account owners.

8 (c) For agency and escrow accounts, to the principals.

9 (d) For securities for which a host savings bank serves as  
10 trustee, registrar, transfer agent, or paying agent, to the  
11 issuers.

12 (e) For revocable trusts under agreement, to the settlors.

13 (f) For irrevocable trusts under agreement, to any  
14 co-fiduciary, to the settlor, to each current income beneficiary  
15 who is an adult, and, if a current income beneficiary is a minor,  
16 to a parent of the minor with whom the minor resides or to the  
17 conservator or guardian of the minor. The notice to the settlor  
18 shall not grant to the settlor any authority over the trust or  
19 trustee that the settlor did not have before the notice, includ-  
20 ing the authority to object to the substitution of a trust serv-  
21 ice provider for a host savings bank. For purposes of this sub-  
22 division, "current income beneficiary" means a person currently  
23 entitled to income or a person to whom the trustee, in the  
24 trustee's discretion, may pay principal or income.

25 (g) For testamentary trusts, to the persons notified under  
26 subdivision (f) and to the probate court that appointed the host  
27 savings bank as trustee.

1 (h) For conservatorships, to any co-fiduciary, to the  
2 protected person for whom the conservatorship was created or, if  
3 the conservatorship was created for a minor, to a parent of the  
4 minor with whom the minor resides or to the guardian of the  
5 minor, and to the probate court that appointed the host savings  
6 bank as conservator.

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

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

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

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

24 (1) ~~(2)~~ If a savings bank operates a safe deposit and  
25 storage department, the legal liability of the savings bank on  
26 account of any loss to a customer shall not exceed the sum of  
27 \$10,000.00 for any 1 box or compartment, including all property

1 accepted for storage outside of the box or compartment. The  
2 savings bank may contract with the renter to have the renter  
3 assume all risks arising from the use of the box, compartment, or  
4 storage.

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

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

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

21 (a) As permitted by the credit reform act, ~~Act No. 162 of~~  
22 ~~the Public Acts of 1995, being sections 445.1851 to 445.1864 of~~  
23 ~~the Michigan Compiled Laws 1995 PA 162, MCL 445.1851 TO~~  
24 445.1864.

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



1 (c) On a loan not covered by subdivision (a) or (b), a  
2 savings bank may charge, collect, and receive interest and other  
3 charges in the same manner and at up to maximum rate or amount  
4 permitted by law for the same type of loans made by national  
5 banking associations authorized to do business in this state.

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

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

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

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

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

1           (2) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION OR BY  
2 ORDER OR DECLARATORY RULING OF THE COMMISSIONER, THE total loans  
3 and extensions of credit AND LEASES by a mutual savings bank to a  
4 person at no time shall exceed 15% of the total capital of the  
5 mutual savings bank, except that upon approval by 2/3 vote of its  
6 board of directors the limit may be increased not to exceed 25%  
7 of the total capital of the mutual savings bank.

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

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

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

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

5 (a) "Loan and extension of credit" or "loan or extension of  
6 credit" includes all direct or indirect advances of funds to a  
7 person made on the basis of an obligation of that person to repay  
8 the funds or repayable from specific property pledged by or on  
9 behalf of the person. To the extent specified by the commission-  
10 er, loan and extension of credit or loan or extension of credit  
11 includes any liability of a savings bank to advance funds to or  
12 on behalf of a person under a contractual commitment. Such term  
13 also includes the cost of purchase of personal property for the  
14 purpose of leasing the property to a person. Loan and extension  
15 of credit or loan or extension of credit does not include invest-  
16 ment securities held by a savings bank under section 411.

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

19 SEC. 501. (1) IF, IN THE OPINION OF THE COMMISSIONER, THE  
20 CAPITAL OF A SAVINGS BANK HAS BECOME IMPAIRED, THE COMMISSIONER  
21 SHALL NOTIFY THE SAVINGS BANK OF HIS OR HER DETERMINATION AND  
22 REQUIRE THE DIRECTORS TO MEET THE DEFICIENCY IN THE CAPITAL  
23 WITHIN A 2-MONTH PERIOD. THE DIRECTORS SHALL MEET THE DEFICIENCY  
24 BY EITHER MAKING A PRO RATA ASSESSMENT UPON THE STOCK HELD BY  
25 EACH SHAREHOLDER, OR TAKING STEPS TO DISSOLVE THE BANK. THE  
26 2-MONTH PERIOD MAY BE EXTENDED BY ORDER OF THE COMMISSIONER, IF

1 IN HIS OR HER DISCRETION AN EXTENSION IS NECESSARY TO ALLOW THE  
2 DIRECTORS TO MEET THE DEFICIENCY.

3 (2) BEFORE AN ASSESSMENT MAY BE MADE BY THE DIRECTORS, EACH  
4 SHAREHOLDER, SECURED PARTY, AND PLEDGEE INDICATED ON THE BOOKS OF  
5 THE SAVINGS BANK AS HOLDING AN INTEREST IN THE STOCK SHALL BE  
6 PROVIDED WITH WRITTEN NOTICE IN A MANNER REASONABLY CALCULATED TO  
7 GIVE ACTUAL NOTICE OF THE DETERMINATION MADE BY THE COMMISSIONER  
8 THAT THE CAPITAL OF THE SAVINGS BANK IS IMPAIRED AND THE AMOUNT  
9 OF THE ASSESSMENT THAT EACH SHAREHOLDER MUST PAY.

10 (3) IF A SHAREHOLDER REFUSES OR NEGLECTS TO PAY AN ASSESS-  
11 MENT LEVIED BY THE DIRECTORS WITHIN 30 DAYS FROM THE DATE NOTICE  
12 WAS PROVIDED, THE DIRECTORS SHALL SELL ALL OR PART OF THE  
13 SHAREHOLDER'S SHARES TO THE HIGHEST BIDDER IN A MANNER PROVIDED  
14 IN THIS SECTION. UPON EXPIRATION OF THE 30-DAY PERIOD AND  
15 REFUSAL OR NEGLECT BY A SHAREHOLDER TO PAY THE ASSESSMENT, A  
16 SECURITY INTEREST IN FAVOR OF THE SAVINGS BANK IN THE AMOUNT OF  
17 THE ASSESSMENT SHALL ATTACH TO ALL OF THE SHAREHOLDER'S SHARES  
18 FOR THE SOLE PURPOSE OF SATISFYING THE ASSESSMENT LEVIED. THE  
19 SECURITY INTEREST SHALL HAVE PRIORITY OVER ANY OTHER SECURITY  
20 INTERESTS PERFECTED BY A CREDITOR OR OTHERWISE GRANTED BY THE  
21 SHAREHOLDER IN SHARES ISSUED AFTER THE EFFECTIVE DATE OF THIS  
22 ACT.

23 (4) IF THE DIRECTORS FAIL TO RESTORE THE CAPITAL OF THE SAV-  
24 INGS BANK OR TAKE STEPS TO DISSOLVE THE SAVINGS BANK DURING THE  
25 2-MONTH PERIOD FOLLOWING NOTICE FROM THE COMMISSIONER AND ANY  
26 EXTENSION GRANTED UNDER SUBSECTION (1), THE COMMISSIONER MAY

1 APPOINT A RECEIVER FOR THE SAVINGS BANK IN ACCORDANCE WITH THIS  
2 ACT.

3 (5) IF ANY PART OF THE CAPITAL OF A SAVINGS BANK CONSISTS OF  
4 PREFERRED STOCK, THE DETERMINATION OF WHETHER THE CAPITAL OF THE  
5 SAVINGS BANK IS IMPAIRED AND THE AMOUNT OF THE IMPAIRMENT SHALL  
6 BE BASED UPON THE PAR VALUE OF ITS STOCK EVEN THOUGH THE AMOUNT  
7 THAT THE HOLDERS OF THE PREFERRED STOCK SHALL BE ENTITLED TO  
8 RECEIVE IN THE EVENT OF RETIREMENT OR DISSOLUTION SHALL BE IN  
9 EXCESS OF THE PAR VALUE OF THE PREFERRED STOCK.

10 (6) THE HOLDERS OF PREFERRED STOCK SHALL NOT BE LIABLE FOR  
11 ASSESSMENTS TO RESTORE IMPAIRMENT IN THE CAPITAL OF A SAVINGS  
12 BANK.

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

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

22 (B) THE SATISFACTION OF THE ASSESSMENT LEVIED BY THE  
23 DIRECTORS.

24 (C) THE SATISFACTION OF AN INDEBTEDNESS SECURED BY ANY  
25 SECURITY INTEREST IN THE STOCK IF WRITTEN NOTIFICATION DEMANDING  
26 PROCEEDS IS RECEIVED BY THE SAVINGS BANK BEFORE DISTRIBUTION OF  
27 THE PROCEEDS IS COMPLETED. UNLESS THE HOLDER OF A SECURITY

1 INTEREST PROVIDES REASONABLE PROOF OF THE INTEREST, THE SAVINGS  
2 BANK DOES NOT HAVE TO COMPLY WITH THIS SUBDIVISION.

3 (D) ANY REMAINING SURPLUS SHALL BE DISTRIBUTED TO THE  
4 SHAREHOLDER.

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

10 (9) A SALE OF STOCK AS PROVIDED IN THIS SECTION SHALL EFFECT  
11 AN ABSOLUTE CANCELLATION OF ANY OUTSTANDING CERTIFICATES EVIDENC-  
12 ING THE STOCK SOLD AND ANY SECURITY INTEREST GRANTED OR PLEDGE  
13 MADE IN STOCK ISSUED AFTER THE EFFECTIVE DATE OF THIS ACT. UPON  
14 FULL PAYMENT OF THE STOCK SOLD, THE SAVINGS BANK SHALL ISSUE NEW  
15 CERTIFICATES TO THE PURCHASER.

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

20 (A) THE PURCHASER HAS NO KNOWLEDGE OF ANY DEFECT IN THE  
21 PROCEEDINGS.

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

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

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

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

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

12 (a) Funds belonging to the United States or belonging to or  
13 being administered by an officer, instrumentality, or agent of  
14 the United States, funds of estates being administered by a fed-  
15 eral court under a federal bankruptcy law, and other funds when  
16 required or permitted to do so under the laws of the United  
17 States or an order of a federal court.

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

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

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

25 (e) Funds on deposit under 1941 PA 205, MCL 252.51 to  
26 252.64, providing for limited access highways.

1 (f) Funds on deposit to the credit of the Michigan  
2 employment security commission.

3 (g) Funds of the Michigan state housing development author-  
4 ity constituting proceeds of the sale of the authority's notes  
5 and bonds and repayments of those notes and bonds, under the  
6 state housing development authority act of 1966, 1966 PA 346,  
7 MCL 125.1401 to 125.1499c.

8 (h) Funds belonging to any political subdivision of this  
9 state.

10 (I) FUNDS BELONGING TO ANY FEDERALLY RECOGNIZED INDIAN  
11 TRIBE.

12 (J) FUNDS REPRESENTING THE PROCEEDS OF A GRANT OR LOAN FROM  
13 A DEPARTMENT OR AGENCY OF THE UNITED STATES, THE AWARD OF WHICH  
14 IS CONDITIONED UPON THE RECIPIENT DEPOSITING THE PROCEEDS IN AN  
15 ACCOUNT SECURED BY A PLEDGE OF ASSETS OF THE DEPOSITORY  
16 INSTITUTION.

17 (3) The requirements, restrictions, and limitations imposed  
18 by this section shall not apply to the pledging of an obligation  
19 of the United States, direct or fully guaranteed, or both, for  
20 the purpose of securing a deposit of the United States when the  
21 deposit is established coincidentally with the purchase of an  
22 obligation of the United States by or through an institution.

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

25 (a) In the case of member banks, liabilities incurred under  
26 the federal reserve act, chapter 6, 38 Stat. 251. In the case of  
27 nonmember banks, liabilities incurred through borrowing under the



1 same conditions as are imposed upon members of the federal  
2 reserve system by the federal reserve act, chapter 6, 38  
3 Stat. 251.

4 (b) In the case of federal home loan bank members, liabili-  
5 ties incurred under the federal home loan bank act, chapter 522,  
6 47 Stat. 725.

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

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

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

14 (f) Liabilities incurred on account of securities sold under  
15 a repurchase agreement.

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

19 (2) The approval of the commissioner shall be based on an  
20 examination or other appropriate analysis of each consolidating  
21 organization and the agreement of consolidation. A consolidation  
22 shall not be made to defeat or defraud any of the creditors of  
23 any of the consolidating organizations.

24 (3) A majority of the directors of each organization propos-  
25 ing to consolidate may enter into an agreement, signed by them,  
26 or by their designated representative or representatives ~~—, and~~  
27 ~~under the seals of the respective organizations,~~ prescribing the

1 terms and conditions of consolidation, the mode of carrying the  
2 consolidation into effect and stating other facts required or  
3 permitted by this act and other applicable law that are to be set  
4 out in the articles, as can be stated in the case of a consolida-  
5 tion, to be stated in such altered form as the circumstances of  
6 the case require, as well as the manner of converting the shares  
7 or membership interest of each of the consolidating organiza-  
8 tions, into shares or membership interest of the consolidated  
9 organization, with other details and provisions as are considered  
10 necessary.

11 (4) The proposed consolidation agreement shall be submitted  
12 to the members or shareholders of each consolidating organiza-  
13 tion, at a separate meeting called by the directors for the sole  
14 purpose of considering the agreement. ~~A notice indicating the~~  
15 ~~time, place, and purpose of the meeting shall be given by publi-~~  
16 ~~cation at least once a week for 4 consecutive weeks preceding the~~  
17 ~~date of the meeting.~~ A copy of the notice shall ~~also~~ be  
18 ~~mailed~~ PROVIDED to each member or shareholder of each consoli-  
19 dating organization at his or her last known address as appears  
20 from the records of the consolidating organizations, ~~by regis-~~  
21 ~~tered or certified mail,~~ at least 10 days prior to the date of  
22 the meeting. ~~Notice by publication or otherwise shall not be~~  
23 ~~required if it is waived.~~ NOTICE SHALL NOT BE REQUIRED IF IT IS  
24 WAIVED BY THE COMMISSIONER OR, IN THE CASE OF INDIVIDUAL NOTICE  
25 TO A SHAREHOLDER, BY THE SHAREHOLDER. At the meeting the proposed  
26 consolidation agreement shall be considered and a vote by ballot,  
27 in person or by proxy, taken for the adoption or rejection of the

1 agreement. ~~At the meeting each share of stock shall entitle the~~  
2 ~~holder to 1 vote.~~ If the votes of members or shareholders of  
3 each consolidating organization representing NOT LESS THAN 2/3 of  
4 the total number of shares of each class of each consolidating  
5 organization's outstanding capital stock, or 2/3 of eligible  
6 voting members of a mutual organization, are cast for the adop-  
7 tion of the agreement, that fact shall be certified on the agree-  
8 ment by ~~the cashier or assistant cashier, secretary or assistant~~  
9 ~~secretary~~ AN OFFICER of each of the consolidating  
10 organizations. ~~If the agreement is adopted and certified, it~~  
11 ~~shall be acknowledged by the president or a vice president of~~  
12 ~~each of the consolidating organizations, before any officer~~  
13 ~~authorized to take acknowledgment of deeds, to be the respective~~  
14 ~~act, deed, and agreement of each of the consolidating~~  
15 ~~organizations.~~ If a bank, out-of-state bank, national bank,  
16 association, or savings bank is a consolidating organization and  
17 approval is required by the laws of another state or of the  
18 United States, that organization shall furnish a certified copy  
19 of consent or approval of the appropriate state or federal regu-  
20 lator of the consolidation to the commissioner. The consolida-  
21 tion agreement required by this section shall be filed with the  
22 commissioner who shall certify upon the agreement the date it was  
23 filed. The filing with the commissioner shall be the act of con-  
24 solidation of the consolidating organizations. The consolidation  
25 agreement or a copy certified by the commissioner is evidence of  
26 the agreement and act of consolidation of the organizations and  
27 the observance and performance of all necessary acts and

1 conditions precedent to the consolidation. A bank holding  
2 company or thrift holding company that is the sole shareholder of  
3 all of the outstanding issued stock of a savings bank, bank,  
4 out-of-state bank, national bank, or association that is a con-  
5 solidating organization in a proposed consolidation may waive the  
6 shareholder meeting requirement of this subsection.

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

12 Sec. 703. (1) When ~~filing and~~ the approval AND  
13 CERTIFICATION of the consolidation agreement as required by sec-  
14 tion 701 have been completed, the corporate existence of each  
15 consolidating organization is merged into and continued in the  
16 consolidated savings bank. To the extent authorized by this act,  
17 the consolidated savings bank possesses all the rights, inter-  
18 ests, privileges, powers, and franchises and is subject to all  
19 the restrictions, disabilities, liabilities, and duties of each  
20 of the consolidating organizations. The title to all property,  
21 real, personal, and mixed is transferred to the consolidated sav-  
22 ings bank, and shall not revert or be in any way impaired by  
23 reason of this act.

24 (2) A consolidated savings bank holds and enjoys the same  
25 and all rights of property, franchises, and interests including  
26 appointments, designations, and nominations and all other rights  
27 and interests ~~in any~~ AS A fiduciary, ~~capacity,~~ in the same

1 manner and to the same extent as those rights and interests were  
2 held or enjoyed by each consolidating organization at the time of  
3 the consolidation. If a consolidating organization at the time  
4 of consolidation was acting under appointment of any court ~~in~~  
5 AS a fiduciary, ~~capacity,~~ the consolidated savings bank is  
6 subject to removal by a court of competent jurisdiction.

7 (3) A consolidated savings bank shall file with each court  
8 or other public tribunal, agency, or officer in any state by  
9 which any of the consolidating organizations ~~shall have~~ HAS  
10 been appointed ~~in the capacity of~~ AS A fiduciary, ~~or agent,~~  
11 and in the court file of each estate, suit, or any other proceed-  
12 ing in which any of them has been acting AS A FIDUCIARY, an affi-  
13 davit setting forth the fact of consolidation, the name of each  
14 consolidating organization, the name of the consolidated savings  
15 bank, the location of its ~~main~~ PRINCIPAL office, and the amount  
16 of its capital and surplus. This subsection does not require  
17 filing of an affidavit related to any consolidating organization  
18 that after the consolidation retains the same corporate name,  
19 charter, and main ~~office~~ PRINCIPAL location.

20 (4) THE LIABILITY OF ANY CONSOLIDATING ORGANIZATION OR OF A  
21 SHAREHOLDER, DIRECTOR, OR OFFICER OF A CONSOLIDATING ORGANIZA-  
22 TION, OR THE RIGHTS OR REMEDIES OF THE CREDITORS OF, OR OTHER  
23 PERSONS TRANSACTING BUSINESS WITH, THE CONSOLIDATING ORGANIZATION  
24 SHALL NOT BE ALTERED OR IMPAIRED AS THE RESULT OF A  
25 CONSOLIDATION.

26 Sec. 705. (1) A savings bank, an out-of-state bank, or a  
27 national bank that consolidates its operations with 1 or more

1 banks, out-of-state banks, national banks, associations, or  
2 savings banks may operate the consolidated or acquired bank,  
3 out-of-state bank, national bank, association, or savings bank  
4 branch or branches located in this state as a branch or branches  
5 of the consolidated or acquired savings bank.

6 (2) A CONSOLIDATED BANK OR CONSOLIDATED ORGANIZATION MAY  
7 OPERATE ANY BRANCHES AND PRINCIPAL OFFICES LOCATED IN THIS STATE  
8 OF THE CONSOLIDATING ORGANIZATIONS WITHOUT PROVIDING THE NOTICE  
9 REQUIRED BY SECTION 417.

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

11 (a) "Existing association" means a MUTUAL OR stock associa-  
12 tion engaged in the savings and loan business or federal savings  
13 bank business prior to the consolidation under this section.

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

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

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

20 (a) Persons as provided in section 301 may organize and  
21 incorporate as the incorporator or incorporators a new bank  
22 having its principal office in the same city or village as the  
23 principal office of an existing bank or existing association in  
24 the manner specified in section 302, but without regard to sec-  
25 tion 302(2) and (3)(b), (c), and (e), and section 304, if the new  
26 bank is organized for the sole purpose of effecting its  
27 consolidation under section 701 with an existing bank or existing

1 association having its principal office in the same city or  
2 village as the new bank and if upon completion of the consolida-  
3 tion a bank holding company becomes the owner of all of the out-  
4 standing voting shares of the consolidated organization, other  
5 than shares necessary to qualify directors. The new bank and the  
6 existing bank may consolidate under the charter of either bank.  
7 The new bank and the existing association shall consolidate under  
8 the charter of the new bank and sections 701, 703, and 705 are  
9 applicable with respect to the consolidation except that the  
10 agreement of consolidation may provide that shares of either or  
11 both the consolidating organizations, in lieu of being converted  
12 into shares of the consolidated organization, will be converted  
13 into shares or other securities of the bank holding company.

14 (b) A shareholder of the existing bank or existing associa-  
15 tion who votes against the consolidation, or who has given notice  
16 in writing to that bank or association at or prior to the meeting  
17 called for the purpose of considering the agreement of consolida-  
18 tion that he or she dissents from the consolidation, is entitled  
19 to receive in cash from the consolidated organization the fair  
20 value of all shares held by him or her, if and when the consoli-  
21 dation is consummated, upon written request made to the consoli-  
22 dated organization at any time within 30 days after the date of  
23 consummation of the consolidation, accompanied by the surrender  
24 of his or her stock certificates. Upon the filing of the written  
25 request and the surrender of stock certificates, the shareholder  
26 shall cease to have any of the rights of a shareholder except the  
27 right to be paid the fair value of his or her shares. The

1 request having been made, shall not be withdrawn except with the  
2 written consent of the consolidated organization. The fair value  
3 of the shares shall be determined, as of the date on which the  
4 meeting of shareholders of the existing bank or existing associa-  
5 tion was held adopting the agreement of consolidation, by a qual-  
6 ified and independent appraiser selected by the commissioner upon  
7 written application filed by a dissenting shareholder entitled to  
8 receive the fair value of his or her shares, or by the consoli-  
9 dated organization. The appraiser selected shall file a written  
10 report of his or her appraisal with the commissioner, who in turn  
11 shall forward copies to all interested parties. The valuation  
12 determined by the appraiser is final and binding on all parties  
13 as to the fair value of the shares. The consolidated organiza-  
14 tion shall pay to each dissenting shareholder entitled the fair  
15 value of his or her shares within 30 days following the receipt  
16 of the written report of the appraiser. The fees and expenses of  
17 the appraisal, which shall be approved by the commissioner, shall  
18 be paid by the consolidated organization. The agreement of con-  
19 solidation shall provide the manner of disposing of the shares of  
20 the existing bank or existing association surrendered by the dis-  
21 senting shareholders.

22 (c) ~~The consolidated organization, whether it is the new~~  
23 ~~bank or the existing bank, shall have the right, notwithstanding~~  
24 ~~any of the requirements, restrictions, and limitations of section~~  
25 ~~417, or any other provision of law, to retain and continue to~~  
26 ~~operate or to establish and operate as its principal office the~~  
27 ~~principal office of the existing bank, and as its branches all~~



1 ~~branches of the existing bank, that were legally operating~~  
2 ~~immediately prior to the consolidation or merger, whether the~~  
3 ~~principal office or the branch or branches could, at the time the~~  
4 ~~consolidation or merger becomes effective, have been established~~  
5 ~~or reestablished consistently with the requirements, restric-~~  
6 ~~tions, and limitations of section 417, or any other provision of~~  
7 ~~law. For the purposes of this section, consolidation and merger~~  
8 ~~are interchangeable and each means and includes the consolidation~~  
9 ~~or merger of savings banks, federal or state savings and loan~~  
10 ~~associations, federal savings banks, state chartered banks, or of~~  
11 ~~national banking associations in any manner provided by this act~~  
12 ~~or by the national bank laws. THE COMMISSIONER SHALL APPROVE OR~~  
13 ~~DISAPPROVE AN APPLICATION SUBMITTED UNDER THIS SECTION IN WRITING~~  
14 ~~WITHIN 30 DAYS AFTER ACCEPTANCE OF THE APPLICATION OR THE LAST~~  
15 ~~AMENDMENT OR SUPPLEMENT TO THE APPLICATION.~~

16       Sec. 708. (1) Upon the affirmative ~~votes~~ VOTE of the  
17 ~~shareholders representing 2/3 of the total number of shares~~  
18 MAJORITY OF VOTES CAST of each class of its outstanding capital  
19 stock, a savings bank may be converted under the laws of this  
20 state into a stock association or under the laws of the United  
21 States into a national banking association or federal savings  
22 bank.

23       (2) The conversion of a savings bank into a stock associa-  
24 tion or a national banking association shall not release the sav-  
25 ings bank from its obligations to pay and discharge all the  
26 liabilities created by law or incurred by it before becoming a  
27 stock association or a national banking association or any tax

1 imposed by the laws of this state up to the date of its becoming  
2 a stock association or a national banking association in propor-  
3 tion to the time that has elapsed since the last preceding pay-  
4 ment or any assessment, penalty, or forfeiture imposed or  
5 incurred under the laws of this state up to the date of its  
6 becoming a stock association or a national banking association.  
7 ~~No~~ A conversion shall NOT be made to defeat or defraud any of  
8 the creditors of the savings bank.

9       (3) Certified copies of all proceedings by the directors and  
10 shareholders of the stock association or savings bank shall be  
11 filed with the commissioner ~~in triplicate~~ and in addition, the  
12 savings bank shall furnish a certified copy of consent or  
13 approval of the comptroller of the currency or office of thrift  
14 supervision to the conversion if the consent or approval is  
15 required by federal law. ~~One copy of the proceedings shall be~~  
16 ~~filed with the bureau and the commissioner shall certify and for-~~  
17 ~~ward 1 copy of the proceedings to the county clerk of the county~~  
18 ~~in which the converted savings bank is located and 1 to the cor-~~  
19 ~~poration division, department of treasury.~~

20       (4) Upon the affirmative ~~votes~~ VOTE of ~~2/3 of the total~~  
21 ~~membership~~ THE MAJORITY OF THE VOTES CAST of a mutual savings  
22 bank, the mutual savings bank may be converted under the laws of  
23 this state into a mutual state savings and loan association or  
24 under the laws of the United States into a mutual federal savings  
25 and loan association or federal savings bank.

26       (5) The conversion of a mutual savings bank into a state or  
27 federal mutual savings and loan association shall not release the

1 mutual savings bank from its obligations to pay and discharge all  
2 the liabilities created by law or incurred by it before becoming  
3 a state or federal savings and loan association or any tax  
4 imposed by the laws of this state up to the date of its becoming  
5 a state or federal savings and loan association in proportion to  
6 the time that has elapsed since the last preceding payment or any  
7 assessment, penalty, or forfeiture imposed or incurred under the  
8 laws of this state up to the date of its becoming a state or fed-  
9 eral savings and loan association. ~~No~~ A conversion shall NOT  
10 be made to defeat or defraud any of the creditors of the mutual  
11 savings bank.

12 (6) Certified copies of all proceedings by the members of  
13 the mutual savings bank shall be filed with the commissioner, ~~in~~  
14 ~~triplicate,~~ and in addition the mutual savings bank shall fur-  
15 nish a certified copy of consent or approval of the office of  
16 thrift supervision to the conversion if the consent or approval  
17 is required by federal law. One copy of the proceedings shall be  
18 filed with the bureau. ~~and the commissioner shall certify and~~  
19 ~~forward 1 copy of the proceedings to the county clerk of the~~  
20 ~~county in which the converted mutual savings bank is located.~~

21 Sec. 709. (1) With the approval of the commissioner,  
22 ~~subject to section 214(3),~~ and upon the affirmative ~~votes~~  
23 VOTE of the ~~shareholders representing 2/3 of the total number of~~  
24 ~~shares~~ MAJORITY OF THE VOTES CAST of each class of its outstand-  
25 ing capital stock, a national banking association, federal sav-  
26 ings bank, federal savings and loan association, or other  
27 federally chartered shareholder-owned financial institution doing

1 business in this state and having an unimpaired capital and  
2 surplus sufficient to entitle it to become a savings bank under  
3 the provisions of existing laws of this state may be converted  
4 into a savings bank if the conversion is not in contravention of  
5 any laws of the United States. In such case, the articles of  
6 incorporation may be executed by a majority of the directors of  
7 the national banking association, federal savings bank, federal  
8 savings and loan association, or other federally chartered finan-  
9 cial institution. A majority of the directors, after executing  
10 the articles of incorporation, shall have the power to execute  
11 all other papers and to do whatever may be required to complete  
12 the organization of the mutual state savings and loan associa-  
13 tion, mutual state savings bank, or other member-owned state  
14 chartered financial institution as a savings bank.

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

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

25 (4) A conversion shall not be made to defeat or defraud any  
26 of the creditors of the national banking association, federal

1 savings bank, federal savings and loan association, or other  
2 federally chartered 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 national banking association, federal savings bank,  
7 federal savings and loan association, or other federally  
8 chartered financial institution as do not conform to the legal  
9 requirements relative to assets acquired and held by savings  
10 banks.

11 Sec. 710. (1) With the approval of the commissioner,  
12 ~~subject to section 214(3),~~ and upon the affirmative vote of  
13 ~~shareholders representing 2/3 of the total number of shares~~ THE  
14 MAJORITY OF THE VOTES CAST of each class of its outstanding capi-  
15 tal stock, a state chartered commercial bank, state chartered  
16 savings and loan association, or other state chartered  
17 shareholder-owned financial institution having an unimpaired cap-  
18 ital and surplus sufficient to entitle it to become a savings  
19 bank under the provisions of existing laws of this state may be  
20 converted into a savings bank. In such case, the articles of  
21 incorporation may be executed by a majority of the directors of  
22 the state chartered commercial bank, state chartered savings and  
23 loan association, or other state chartered financial  
24 institution. A majority of the directors, after executing the  
25 articles of incorporation, may execute all other papers and do  
26 whatever may be required to complete its organization as a  
27 savings bank.

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 state chartered commercial bank, state  
8 chartered savings and loan association, or other state chartered  
9 financial institution and of the proceedings had by its directors  
10 and shareholders with respect to the conversion.

11 (4) A conversion shall not be made to defeat or defraud any  
12 of the creditors of the state chartered commercial bank, state  
13 chartered savings and loan association, or other state 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 state chartered commercial bank, state chartered sav-  
19 ings and loan association, or other state chartered financial  
20 institution which do not conform to the legal requirements rela-  
21 tive to assets acquired and held by savings banks.

22 Sec. 711. (1) With the approval of the commissioner,  
23 ~~subject to section 214(3),~~ and upon the affirmative ~~votes~~  
24 VOTE of ~~2/3 of the total membership of~~ THE MAJORITY OF THE  
25 VOTES CAST, a mutual federal savings and loan association, mutual  
26 federal savings bank, or other member-owned federally chartered  
27 financial institution doing business in this state ~~and having an~~

1 ~~unimpaired capital and surplus sufficient to entitle it to become~~  
2 ~~a savings bank under the provisions of existing laws of this~~  
3 ~~state~~ may be converted into a mutual ~~or stock~~ savings bank if  
4 the conversion is not in contravention of any laws of the United  
5 States. In such case, the articles of incorporation may be exe-  
6 cuted by a majority of the directors of the federal savings and  
7 loan association, federal savings bank, or other member-owned  
8 federally chartered financial institution. A majority of the  
9 directors, after executing the articles of incorporation, shall  
10 have the power to execute all other papers and to do whatever may  
11 be required to complete its organization as a savings bank.

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

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

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

26 (5) Subject to conditions as he or she may prescribe, the  
27 commissioner may permit the converted savings bank to retain and

1 carry, at a value determined by the commissioner, assets of the  
2 converting federal savings and loan association, federal savings  
3 bank, or other member-owned federally chartered financial insti-  
4 tution as do not conform to the legal requirements relative to  
5 assets acquired and held by savings banks.

6 SEC. 711A. (1) WITH THE APPROVAL OF THE COMMISSIONER, AND  
7 UPON THE AFFIRMATIVE VOTE OF 2/3 OF VOTES CAST, A MUTUAL FEDERAL  
8 SAVINGS AND LOAN ASSOCIATION, MUTUAL FEDERAL SAVINGS BANK, OR  
9 OTHER MEMBER-OWNED FEDERALLY CHARTERED FINANCIAL INSTITUTION  
10 DOING BUSINESS IN THIS STATE MAY BE CONVERTED INTO A STOCK SAV-  
11 INGS BANK IF THE CONVERSION IS NOT IN CONTRAVENTION OF ANY LAWS  
12 OF THE UNITED STATES. IN SUCH CASE, THE ARTICLES OF INCORPORA-  
13 TION MAY BE EXECUTED BY A MAJORITY OF THE DIRECTORS OF THE FED-  
14 ERAL SAVINGS AND LOAN ASSOCIATION, FEDERAL SAVINGS BANK, OR OTHER  
15 MEMBER-OWNED FEDERALLY CHARTERED FINANCIAL INSTITUTION. A MAJOR-  
16 ITY OF THE DIRECTORS, AFTER EXECUTING THE ARTICLES OF INCORPORA-  
17 TION, SHALL HAVE THE POWER TO EXECUTE ALL OTHER PAPERS AND TO DO  
18 WHATEVER MAY BE REQUIRED TO COMPLETE ITS ORGANIZATION AS A SAV-  
19 INGS BANK.

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

25 (3) THE APPROVAL OF THE COMMISSIONER SHALL BE BASED ON AN  
26 EXAMINATION OF THE FEDERAL SAVINGS AND LOAN ASSOCIATION, FEDERAL  
27 SAVINGS BANK, OR OTHER MEMBER-OWNED FEDERALLY CHARTERED FINANCIAL



1 INSTITUTION AND OF THE PROCEEDINGS HAD BY ITS DIRECTORS AND  
2 MEMBERS WITH RESPECT TO THE CONVERSION.

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

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

14 Sec. 712. (1) With the approval of the commissioner,  
15 ~~subject to section 214(3),~~ and upon the affirmative ~~votes of~~  
16 ~~2/3 of the total membership of~~ VOTE OF THE MAJORITY OF THE VOTES  
17 CAST, a mutual state savings and loan association, or mutual  
18 state savings bank, or other member-owned state chartered finan-  
19 cial institution ~~having an unimpaired capital and surplus suffi-~~  
20 ~~cient to entitle it to become a savings bank under the provisions~~  
21 ~~of existing laws of this state~~ may be converted into a mutual  
22 ~~or stock~~ savings bank. In such case, the articles of incorpo-  
23 ration may be executed by a majority of the directors of the sav-  
24 ings and loan association, or other member-owned state chartered  
25 financial institution. A majority of the directors, after exe-  
26 cuting the articles of incorporation, may execute all other

1 papers and do whatever may be required to complete its  
2 organization as a savings bank.

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

8 (3) The approval of the commissioner shall be based on an  
9 examination of the savings and loan association, or other  
10 member-owned state chartered financial institution and of the  
11 proceedings had by its directors and members with respect to the  
12 conversion.

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

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

23 SEC. 712A. (1) WITH THE APPROVAL OF THE COMMISSIONER, AND  
24 UPON THE AFFIRMATIVE VOTE OF 2/3 OF THE VOTES CAST, A MUTUAL  
25 STATE SAVINGS AND LOAN ASSOCIATION, OR MUTUAL STATE SAVINGS BANK,  
26 OR OTHER MEMBER-OWNED STATE CHARTERED FINANCIAL INSTITUTION MAY  
27 BE CONVERTED INTO A STOCK SAVINGS BANK. IN SUCH CASE, THE

1 ARTICLES OF INCORPORATION MAY BE EXECUTED BY A MAJORITY OF THE  
2 DIRECTORS OF THE SAVINGS AND LOAN ASSOCIATION, OR OTHER  
3 MEMBER-OWNED STATE CHARTERED FINANCIAL INSTITUTION. A MAJORITY  
4 OF THE DIRECTORS, AFTER EXECUTING THE ARTICLES OF INCORPORATION,  
5 MAY EXECUTE ALL OTHER PAPERS AND DO WHATEVER MAY BE REQUIRED TO  
6 COMPLETE ITS ORGANIZATION AS A SAVINGS BANK.

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

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

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

20 (5) SUBJECT TO CONDITIONS AS HE OR SHE MAY PRESCRIBE, THE  
21 COMMISSIONER MAY PERMIT THE CONVERTED SAVINGS BANK TO RETAIN AND  
22 CARRY, AT A VALUE DETERMINED BY THE COMMISSIONER, ASSETS OF THE  
23 CONVERTING SAVINGS AND LOAN ASSOCIATION OR OTHER MEMBER-OWNED  
24 STATE CHARTERED FINANCIAL INSTITUTION WHICH DO NOT CONFORM TO THE  
25 LEGAL REQUIREMENTS RELATIVE TO ASSETS ACQUIRED AND HELD BY SAV-  
26 INGS BANKS.

1           Sec. 713. ~~(1) If a conversion under sections 709 to 713~~  
2 ~~becomes effective, all the property of the converting~~  
3 ~~organization, including all its rights, title, and interest in~~  
4 ~~and to all property of whatsoever kind, whether real, personal,~~  
5 ~~or mixed, and things in action, and every right, privilege, and~~  
6 ~~interest, and asset of any conceivable value or benefit then~~  
7 ~~existing, belonging, or pertaining to it, or which would inure to~~  
8 ~~it, shall immediately by act of law and without any conveyance or~~  
9 ~~transfer and without any further act or deed, be vested in and~~  
10 ~~become the property of the converted organization, which shall~~  
11 ~~have, hold, and enjoy the same in its own right as fully and to~~  
12 ~~the same extent as it was possessed, held, and enjoyed by the~~  
13 ~~converting organization.~~

14           ~~(2) The converted organization shall be deemed to be a con=~~  
15 ~~tinuation of the entity and of the identity of the converting~~  
16 ~~organization. All the rights, obligations, and relations of the~~  
17 ~~converting organization to or in respect to any person, estate,~~  
18 ~~creditor, depositor, trustee, or beneficiary of any trust, and~~  
19 ~~in, or in respect to, any executorship or trusteeship or any~~  
20 ~~other trust or fiduciary function, shall remain unimpaired.~~

21           ~~(3) The converted organization shall succeed to all rights,~~  
22 ~~obligations, relations, trusts, duties, and liabilities and shall~~  
23 ~~execute and perform each and every trust and relation in the same~~  
24 ~~manner as if the converted organization had itself assumed the~~  
25 ~~trust or relation and the obligations and liabilities.~~

26           ~~(4) If the converting organization is acting as~~  
27 ~~administrator, co-administrator, executor, co-executor, trustee,~~

~~1 or co-trustee of or in respect to any estate or trust being  
2 administered under the laws of this state, the relation, as well  
3 as any other or similar fiduciary relations, and all rights,  
4 privileges, duties, and obligations shall remain unimpaired and  
5 shall continue into and in the converted organization from and as  
6 of the time of taking effect of the conversion, irrespective of  
7 the date when the relation may have been created or established  
8 and irrespective of the date of any trust agreement or the date  
9 of the death of any testator or decedent whose estate is being  
10 administered.~~

~~11 (5) A conversion shall not effect under the laws of this  
12 state a renunciation or revocation of any letters of administra=  
13 tion or letters testamentary pertaining to the relation nor a  
14 removal or resignation from any executorship or trusteeship or  
15 other fiduciary relationship nor have the effect as if the execu=  
16 tor or trustee or other fiduciary had died or otherwise become  
17 incompetent to act.~~

~~18 (6) A savings bank or national banking association or stock  
19 association or federal savings bank resulting from a conversion  
20 under sections 709 to 713 shall have the right, notwithstanding  
21 any of the requirements, restrictions, and limitations of section  
22 417 to the contrary, to retain and continue to operate any and  
23 all branches of the converting organization that were in lawful  
24 operation immediately prior to conversion, without being required  
25 to establish or reestablish any branch or branches under  
26 section 417 and irrespective of whether any branch or branches  
27 could, at the time the conversion becomes effective, have been~~

~~1 established or reestablished as a branch or branches of the~~  
~~2 converting or converted organization, consistently with the~~  
~~3 requirements, restrictions, and limitations of section 417.~~ IF A  
4 CONVERSION BECOMES EFFECTIVE UNDER THIS ACT, ALL OF THE FOLLOWING  
5 SHALL APPLY:

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

8 (B) THE TITLE TO ALL PROPERTY, REAL OR PERSONAL, INCLUDING  
9 ANY RIGHTS THAT MAY BE ATTACHED TO THE PROPERTY, OR ANY THING IN  
10 ACTION, IS IMMEDIATELY TRANSFERRED AND VESTED IN THE CONVERTED  
11 ORGANIZATION TO THE SAME EXTENT AS IT WAS IN THE CONVERTING  
12 ORGANIZATION.

13 (C) ALL ASSETS, RIGHTS, PRIVILEGES, OR INTERESTS BELONGING  
14 OR ATTRIBUTED TO THE CONVERTING ORGANIZATION ARE IMMEDIATELY  
15 TRANSFERRED AND VESTED IN THE CONVERTED ORGANIZATION TO THE SAME  
16 EXTENT AS THEY WERE IN THE CONVERTING ORGANIZATION.

17 (D) ALL LIABILITIES, RESTRICTIONS, AND DISABILITIES OF THE  
18 CONVERTING ORGANIZATION, ITS SHAREHOLDERS, OR ITS OFFICERS ARE  
19 IMMEDIATELY TRANSFERRED TO THE CONVERTED ORGANIZATION TO THE SAME  
20 EXTENT AS THEY WERE IN THE CONVERTING ORGANIZATION.

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

24 (i) ALL RIGHTS, PRIVILEGES, AND OBLIGATIONS OF THE CONVERT-  
25 ING ORGANIZATION SHALL REMAIN UNIMPAIRED AND SHALL CONTINUE IN  
26 THE CONVERTED ORGANIZATION IRRESPECTIVE OF THE DATE WHEN THE  
27 FIDUCIARY RELATIONSHIP WAS CREATED.

1           (ii) IF THE CONVERTING ORGANIZATION HAD BEEN APPOINTED BY A  
2 COURT OR GOVERNMENTAL TRIBUNAL, AGENCY, OR OFFICER, THE CONVERTED  
3 ORGANIZATION SHALL FILE AN AFFIDAVIT WITH THE APPOINTING AUTHOR-  
4 ITY SETTING FORTH THE FACT OF CONVERSION, THE NAME OF THE CON-  
5 VERTED ORGANIZATION, THE LOCATION OF ITS PRINCIPAL OFFICE, AND  
6 THE AMOUNT OF ITS CAPITAL AND SURPLUS.

7           (iii) THE CONVERTED ORGANIZATION ACTING AS A FIDUCIARY BY  
8 APPOINTMENT OF A COURT IS SUBJECT TO REMOVAL BY A COURT OF COMPE-  
9 TENT JURISDICTION.

10          (F) THE CONVERTED ORGANIZATION MAY RETAIN AND CONTINUE TO  
11 OPERATE ANY EXISTING BRANCH, OR OPEN ANY APPROVED BRANCH, OF THE  
12 CONVERTING ORGANIZATION.

13          (G) ANY RIGHTS OR REMEDIES OF THE DEPOSITORS, CREDITORS, OR  
14 OTHER PERSONS TRANSACTING BUSINESS WITH THE CONVERTING ORGANIZA-  
15 TION SHALL NOT BE REDUCED OR IMPAIRED AS THE RESULT OF A  
16 CONVERSION.

17          (H) WHETHER OR NOT IT MAINTAINS A PRESENCE IN THIS STATE, A  
18 CONVERTED ORGANIZATION OR ANY OF ITS SUCCESSORS IN INTEREST IS  
19 SUBJECT TO SERVICE OF PROCESS IN A PROCEEDING IN THIS STATE FOR  
20 ENFORCEMENT OF ANY OBLIGATION INCURRED IN THIS STATE BY THE CON-  
21 VERTING ORGANIZATION.

22          (I) AN ACTION OR PROCEEDING AGAINST THE CONVERTING ORGANIZA-  
23 TION IN A COURT OR OTHER GOVERNMENTAL TRIBUNAL MAY BE PROSECUTED  
24 TO JUDGMENT AS IF THE CONVERSION HAD NOT TAKEN PLACE, OR THE CON-  
25 VERTED ORGANIZATION MAY BE SUBSTITUTED IN PLACE OF THE CONVERTING  
26 ORGANIZATION. THIS SUBSECTION SHALL NOT CREATE ANY NEW CAUSE OF

1 ACTION AGAINST THE CONVERTING ORGANIZATION AS A RESULT OF THE  
2 CONVERSION.

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) Senate Bill No. \_\_\_\_\_ or House Bill No. 5907 (request  
19 no. 06708'00).

20       (b) Senate Bill No. \_\_\_\_\_ or House Bill No. 5908 (request  
21 no. 06709'00).