

SAVINGS AND LOAN ACT OF 1980 (EXCERPT)
Act 307 of 1980

491.704 Additional types of loans association may make or purchase; limitation.

Sec. 704. (1) In addition to real estate loans permitted under section 702, an association may make or purchase the following types of loans:

(a) Loans for which repayment has been wholly or partially guaranteed or insured by the United States or this state or an agency of the United States or this state.

(b) Loans made to finance the purchase of mobile homes for use as a residential dwelling or for resale to others in the ordinary course of the borrower's business.

(c) Loans made for the purpose of paying expenses of higher education, for maintaining, repairing, modernizing, altering, landscaping, improving, constructing, furnishing, or equipping of real estate properties or for purposes not otherwise authorized by this act. The aggregate of all unsecured loans made pursuant to this subdivision to any 1 borrower shall not exceed 1/4 of 1% of the association's assets, 5% of the association's net worth, or \$15,000.00, whichever is greater. The loans may be made by a service corporation and may also be made pursuant to an existing credit card arrangement or other agreement existing before the loan whereby the association or the service corporation honors the borrower's draft, pays or agrees to pay the borrower's obligations, purchases the borrower's obligation, or advances money to or for the account of the borrower. If the loan is secured by a lien or interest in real estate, the loan shall not be subject to the percentage of appraised value tests applicable to real estate loans under section 702(2). Loans made under this subdivision on which interest is past due and unpaid for a period of 6 months, unless the debts are well secured and in process of collection, or the debt constitutes a claim against solvent estates in probate, shall be charged off at the expiration of the 6-month period.

(d) Loans on the sole security of a savings account with the association to the extent of the withdrawal value of the savings account.

(e) Loans secured by time or savings deposits or accounts in a financial institution the accounts of which are insured by a federal agency, to the extent of the withdrawal value of the account.

(f) Loans secured by the pledge of policies of life insurance, the assignment of which is properly acknowledged by the insurer, to the extent of the cash value of the policies.

(g) Loans secured by the pledge of real estate loans of a type in which the association is authorized to invest, subject to all restrictions and requirements that would be applicable if the association were to invest directly in the loans.

(h) Loans on individual cooperative housing units on the security of a first security interest in stock or a membership certificate issued to a tenant stockholder or resident member by a cooperative housing organization and the assignment by way of security of the borrower's interest in the proprietary lease or right of tenancy in property covered by the organization. The loans shall be made in accordance with the regulations governing loans secured by single family dwellings, but they shall not exceed 90% of the value of the property securing the loan.

(i) Loans for other than primarily personal, family, or household purposes.

(2) After any loan is made or purchased by an association pursuant to this section, the total of all loans made by the association pursuant to this section shall not exceed 40% of the association's total assets as determined at the end of the preceding calendar month.

History: 1980, Act 307, Eff. Jan. 1, 1981;—Am. 1981, Act 114, Imd. Eff. July 17, 1981;—Am. 1987, Act 106, Imd. Eff. July 7, 1987