

140 ***** Act 319 of 1969 THIS ACT IS REPEALED BY ACT 276 OF 1999

140 EFFECTIVE MARCH 1, 2000 *****

065

065

065 BANKING CODE OF 1969

065 Act 319 of 1969

065

065

076 AN ACT to revise and codify the laws relating to banks,
076 industrial banks, foreign banks, trust companies, and safe and
076 collateral deposit companies; to provide for their incorporation,
076 regulation, and supervision; to authorize the granting of trust
076 powers to banks and to regulate the exercise of those powers; to
076 create, within the department of commerce, a financial
076 institutions bureau and to prescribe its powers and duties; to
076 prescribe penalties for violations of this act; and to repeal
076 certain acts and parts of acts.

076

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1984, Act
078 250, Imd. Eff. Oct. 15, 1984;--Am. 1992, Act 34, Imd. Eff.
078 Apr. 21, 1992.

078

078

077 The People of the State of Michigan enact:

077

068 CHAPTER 1

068

068 SHORT TITLE, PURPOSE AND DEFINITIONS

067

067 487.301 Banking code of 1969; short title.

067

084 Sec. 1. This act shall be known and may be cited as the

084 "banking code of 1969".

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.302 Banking code of 1969; state policy.

067

084 Sec. 2. It is the policy of this state that the business of all

084 banking organizations shall be supervised and regulated in such

084 manner as to insure the safe and sound conduct of such business,

084 to conserve their assets and to eliminate unsound and destructive

084 competition among such banking organizations and thus to maintain

084 public confidence in such business and protect the public

084 interest and the interests of depositors, creditors and

084 shareholders.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.305 Definitions.

067

084 Sec. 5. As used in this act:

084

084 (a) "Articles" means articles of incorporation, all amendments

084 to articles of incorporation, and agreements of consolidation and

084 merger.

084

084 (b) "Association" means a federal savings association organized

084 under section 5 of the home owners' loan act, chapter 64, 48
084 Stat. 132, 12 U.S.C. 1464, or a savings and loan association,
084 building and loan association, or homestead association that is
084 organized under the laws of a state or the District of Columbia
084 and whose deposits are insured by the federal deposit insurance
084 corporation.

084

084 (c) "Affiliate" means a corporation, business trust,
084 association, or similar organization to which any of the
084 following apply:

084

084 (i) An organization, directly or indirectly, owns or controls
084 either a majority of its voting shares or more than 50% of the
084 number of shares voted for the election of its directors,
084 trustees, or other persons exercising similar functions at the
084 preceding election, or controls in any manner the election of a
084 majority of its directors, trustees, or other persons exercising
084 similar functions.

084

084 (ii) Control of the organization is held, directly or
084 indirectly, through stock ownership or in any other manner, by
084 the shareholders of an organization who own or control either a
084 majority of the shares of that organization or more than 50% of
084 the number of shares voted for the election of directors of that
084 organization at the preceding election, or by trustees for the
084 benefit of the shareholders of that organization.

084

084 (iii) A majority of its directors, trustees, or other persons
084 exercising similar functions are directors of any 1 organization.

084

084 (iv) Owns or controls, directly or indirectly, either a
084 majority of the shares of capital stock of an organization or
084 more than 50% of the number of shares voted for the election of
084 directors of an organization at the preceding election, or
084 controls in any manner the election of a majority of the
084 directors of an organization, or for the benefit of whose
084 shareholders or members all or substantially all the capital
084 stock of an organization is held by trustees.

084

084 (d) "Bank" means a state banking corporation organized or
084 reorganized under the provisions of this act or organized under
084 the provisions of any law of this state enacted before August 20,
084 1969.

084

084 (e) "Branch" means, except as otherwise provided in this
084 subdivision, a branch bank, branch office, branch agency,
084 additional office, or a branch place of business at which
084 deposits are received, checks paid, or money lent. The acceptance
084 of deposits in furtherance of a school thrift or savings plan by
084 an officer, employee, or agent of a bank at any school shall not
084 be construed as the establishment or operation of a branch. An
084 electronic funds transfer facility that is made available to 2 or
084 more federal or state chartered financial institutions pursuant
084 to a state statute that regulates electronic funds transfer
084 facilities is not a branch. An additional office of a state
084 agency is not a branch. An international banking facility as
084 defined in 12 C.F.R. 204.8(a)(1), as in effect December 31, 1982,
084 is not a branch. The receipt of deposits by a messenger service

084 or the delivery by a messenger service of items representing
084 deposit account withdrawals or of loan proceeds is not the
084 establishment or operation of a branch, whether or not the
084 messenger service is owned or operated by the bank. Branch does
084 not include an agent acting under section 151(31).

084

084 (f) "Bureau" means the financial institutions bureau created by
084 this act.

084

084 (g) "Capital" or "capital stock" means the amount of unimpaired
084 common stock issued and outstanding, plus the amount of
084 unimpaired preferred stock issued and outstanding.

084

084 (h) "Commissioner" means the commissioner of the financial
084 institutions bureau.

084

084 (i) "Consolidate", "consolidated", "consolidating", and
084 "consolidation" include, respectively, consolidate or merge,
084 consolidated or merged, consolidating or merging, and
084 consolidation or merger.

084

084 (j) "Consolidated bank" means a bank that results from a
084 consolidation between a bank and 1 or more banks, out-of-state
084 banks, national banks, associations, or savings banks.

084

084 (k) "Consolidated organization" means an out-of-state bank,
084 national bank, association, or savings bank organized under the
084 laws of another state or the United States that results from a
084 consolidation with 1 or more banks, out-of-state banks, national

084 banks, associations, or savings banks.

084

084 (l) "Consolidating organizations" means any combination of
084 banks, out-of-state banks, national banks, associations, or
084 savings banks that have consolidated or are in the process of
084 consolidation as provided in section 125 or 125a.

084

084 (m) "Depository institution" means a bank, out-of-state bank,
084 national bank, association, savings bank, or credit union
084 organized under the laws of this state, another state, the
084 District of Columbia, the United States, or a territory or
084 protectorate of the United States.

084

084 (n) "Federal agency" means a foreign bank agency established
084 and operating under section 4 of the international banking act of
084 1978, 12 U.S.C. 3102.

084

084 (o) "Federal branch" means a foreign bank branch established
084 and operating under the international banking act of 1978.

084

084 (p) "Federal reserve act" means the federal reserve act,
084 chapter 6, 38 Stat. 251.

084

084 (q) "Foreign bank" means an entity organized and recognized as
084 a bank under the laws of a foreign country that lawfully engages
084 in the business of banking and is not directly or indirectly
084 owned or controlled by United States citizens or by a corporation
084 organized under the laws of the United States. Foreign bank
084 includes foreign commercial banks, foreign merchant banks, and

084 other foreign institutions that engage in banking activities
084 usual in connection with the business of banking in the countries
084 in which the foreign institutions are organized.

084

084 (r) "Foreign bank agency" means an office or place of business
084 of a foreign bank, established under this act, the international
084 banking act of 1978, or the laws of another state, that does not
084 exercise trust powers and at which deposits of citizens or
084 residents of the United States are not accepted.

084

084 (s) "Foreign bank branch" means a place of business of a
084 foreign bank, located in any state, the District of Columbia, or
084 a territory, or protectorate of the United States, that is not a
084 foreign bank agency, bank, or out-of-state bank, at which
084 deposits are received and that is established and operating as a
084 branch of a foreign bank under this act, the international
084 banking act of 1978, or the laws of another state.

084

084 (t) "Foreign country" means a country other than the United
084 States of America and includes a colony, dependency, or
084 possession of a country other than the United States of America.

084

084 (u) "Incorporator" means a signer of the original articles of
084 incorporation.

084

084 (v) "Institution" means a bank, state agency, state foreign
084 bank branch, or safe and collateral deposit company operating or
084 organized or reorganized under the provisions of this act or
084 operating or organized under the provisions of any law of this

084 state enacted before August 20, 1969.

084

084 (w) "International banking act of 1978" means the international
084 banking act of 1978, Public Law 95-369, 92 Stat. 607.

084

084 (x) "Messenger service" means a service such as a courier
084 service or an armored car service that picks up from or delivers
084 to customers of 1 or more depository institutions or 1 or more
084 affiliates of a depository institution cash, currency, checks,
084 drafts, securities, or other items relating to transactions
084 between or involving a depository institution or affiliate of a
084 depository institution and those customers, or that transfers
084 cash, currency, checks, drafts, securities, or other items or
084 documents between depository institutions or affiliates of
084 depository institutions. The service may be owned and operated by
084 1 or more depository institutions or affiliates or by a third
084 party.

084

084 (y) "Mobile branch" means a branch in which the location of the
084 physical structure of the branch is moved from time to time.

084

084 (z) "National bank" means a bank chartered by the federal
084 government under the national bank act, chapter 106, 13 Stat. 99.

084

084 (aa) "Out-of-state bank" means a banking corporation organized
084 under the laws of another state, the District of Columbia, a
084 territory or a protectorate of the United States whose principal
084 office is located in a state other than this state, the District
084 of Columbia, a territory or a protectorate of the United States,

084 and whose deposits are insured by the federal deposit insurance
084 corporation.

084

084 (bb) "Publication" and "published" mean publication in a
084 newspaper printed in the English language and published and
084 circulated in the county where the depository institution is
084 located or, if there is no newspaper published and circulated in
084 the county where the depository institution is located, in any
084 newspaper having general circulation in the county.

084

084 (cc) "Savings bank" means a savings bank organized under the
084 laws of a state, the District of Columbia, a territory or
084 protectorate of the United States, or of the United States, whose
084 deposits are insured by the federal deposit insurance
084 corporation.

084

084 (dd) "Service corporation" means a corporation organized under
084 the laws of a state that engages in activities determined by the
084 commissioner by order or rule to be incidental to the conduct of
084 a banking business as provided in this act or activities that
084 further or facilitate the corporate purposes of a bank, or that
084 furnishes services to a bank or subsidiaries of a bank and the
084 voting stock of which is owned directly or indirectly by 1 or
084 more banks, out-of-state banks, national banks, associations, or
084 savings banks.

084

084 (ee) "Shareholder" means the registered owner of any share or
084 shares of capital stock of an institution.

084

084 (ff) "State agency" means a foreign bank agency established and
084 operating under chapter 3A.

084

084 (gg) "State foreign bank branch" means a foreign bank branch
084 established and operating under chapter 3A.

084

084 (hh) "Stock association" means an association with authority to
084 issue shares of voting capital stock.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1978, Act
078 327, Eff. Jan. 1, 1979;--Am. 1984, Act 250, Imd. Eff. Oct. 15,
078 1984;--Am. 1987, Act 104, Imd. Eff. July 7, 1987;--Am. 1993, Act
078 90, Imd. Eff. July 9, 1993;--Am. 1995, Act 202, Imd. Eff.
078 Nov. 29, 1995.

067

067 487.308 Industrial banks; distinction abolished; delegated
067 actions; new industrial bank; renewal or extension.

067

084 Sec. 8. (1) Except as hereafter provided, the distinction
084 heretofore existing between banks and industrial banks is
084 abolished and all of the provisions of this act shall be
084 applicable to any industrial bank heretofore incorporated under
084 the laws of this state, which shall be deemed to be a bank under
084 all sections of this act except that until any presently existing
084 industrial bank sells its assets to, consolidates with or
084 converts into a bank in the manner provided in this act for the
084 sale of assets, consolidation or conversion of banks, it shall
084 not receive deposits payable on demand or exercise trust powers.

084

084 (2) Wherever provision is made in this act for action by the
084 cashier or assistant cashier of a bank, such action may be taken
084 by a secretary, assistant secretary, treasurer or assistant
084 treasurer of an existing industrial bank.

084

084 (3) A new industrial bank shall not be created after the
084 effective date of this act but nothing in this section shall
084 prohibit the renewal or extension of the corporate life of any
084 existing industrial bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.309 Trust companies; distinction abolished, exceptions;
067 delegated actions; new trust company; renewal or extension.

067

084 Sec. 9. (1) Except as hereafter provided, the distinction
084 heretofore existing between banks and trust companies is
084 abolished and all of the provisions of this act shall be
084 applicable to any trust company heretofore incorporated under the
084 laws of this state which shall be deemed to be a bank under all
084 sections of this act except that until any presently existing
084 trust company sells its assets to, consolidates with or converts
084 into a bank in the manner provided in this act for the sale of
084 assets, consolidation or conversion of banks, it shall have no
084 power to receive deposits.

084

084 (2) Wherever provision is made in this act for action by the
084 cashier or assistant cashier of a bank, such action may be taken
084 by a secretary, assistant secretary, treasurer or assistant

084 treasurer of an existing trust company.

084

084 (3) A new trust company shall not be created after the
084 effective date of this act but nothing in this section shall
084 prohibit the renewal or extension of the corporate life of any
084 existing trust company.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

078

068 CHAPTER 2

068

068 ADMINISTRATION

067

067 487.311 Financial institutions bureau; creation; powers;
067 commissioner; appointment; oath; prohibition.

067

084 Sec. 11. (1) A financial institutions bureau is created within
084 the department of commerce, and the bureau shall have
084 jurisdiction over and shall execute the laws relating to
084 institutions transacting business under the laws of this state.

084

084 (2) The head of the financial institutions bureau is the
084 commissioner of the financial institutions bureau who shall be
084 appointed by the governor, by and with the advice and consent of
084 the senate, to serve at the pleasure of the governor.

084

084 (3) Before entering upon the duties of his or her office, the
084 commissioner shall take and subscribe the constitutional oath of
084 office and file it in the office of the secretary of state.

084

084 (4) The commissioner shall be prohibited for a period of 6
084 months from the date he or she leaves office from accepting
084 employment with a state chartered depository financial
084 institution regulated by the financial institutions bureau.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1989, Act
078 265, Imd. Eff. Dec. 26, 1989.

067

067 487.311a Implementation of act; purpose.

067

084 Sec. 11a. This act shall be implemented by the commissioner to
084 maximize the capacity of banks in this state to offer convenient
084 and efficient financial services, to promote economic
084 development, and to ensure that banks remain competitive with
084 other types of financial institutions.

084

078 History: Add. 1988, Act 200, Eff. Aug. 1, 1988.

067

067 487.311b Sale or service of insurance not authorized.

067

084 Sec. 11b. Nothing in this amendatory act shall grant the
084 commissioner the authority to authorize banks to engage in the
084 sale or service of insurance.

084

078 History: Add. 1988, Act 200, Eff. Aug. 1, 1988.

067

067 487.312 State banking department; transfer of powers and duties
067 to financial institutions bureau; transfer of property; saving

067 clause.

067

084 Sec. 12. (1) The powers and duties now vested by law in the
084 state banking department, are transferred to and vested in the
084 bureau. Any hearing or other proceeding pending before the state
084 banking department shall not abate but is transferred to the
084 bureau and shall be conducted and determined by the bureau in
084 accordance with the provisions of the law governing such hearing
084 or proceeding.

084

084 (2) All property, credits, books, correspondence, funds,
084 appropriations, records, files and other papers belonging to the
084 state banking department are transferred to the financial
084 institutions bureau. All orders and rules which have been issued
084 pursuant to law by the commissioner of the banking department and
084 which are in effect, shall continue in effect until modified,
084 suspended, revoked or repealed by the commissioner.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

078

078 Administrative rules: R 487.41 et seq.; R 487.201 et seq.; and
078 R 487.901 et seq. of the Michigan Administrative Code.

067

067 487.313 Commissioner; deputies, appointment, powers and duties,
067 oath.

067

084 Sec. 13. The commissioner shall appoint a first deputy and such
084 other deputies as he sees fit and may revoke such appointments at
084 his pleasure. The first deputy shall possess the powers and

084 perform the duties of the commissioner during a vacancy or during
084 the absence or inability of the commissioner to act. The
084 commissioner shall designate the order in which the deputies
084 shall become acting commissioner in the absence of the
084 commissioner and the first deputy. Before entering upon the
084 duties of their offices, the first deputy and other deputies
084 shall take and subscribe the constitutional oath of office and
084 file it in the office of the secretary of state.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.314 Examiners and other employees; appointment; compensation
067 and expenses.

067

084 Sec. 14. The commissioner may appoint examiners and other
084 employees for the carrying out of the provisions of this act. The
084 compensation, travel and other expenses of the commissioner,
084 deputy commissioners, examiners and employees shall be paid in
084 the manner provided by law for other state officers and
084 employees, within the appropriations made therefor by the
084 legislature.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.315 Commissioner, deputies, and examiners; conflicts of
067 interest prohibited.

067

084 Sec. 15. (1) During his or her term of office or employment,
084 the commissioner, a deputy commissioner, or an examiner of the

084 bureau shall not be a shareholder, either directly or indirectly,
084 of an institution subject to this act, of an out-of-state bank,
084 of a national bank, or of any affiliate or subsidiary thereof.

084

084 (2) During his or her term of office or employment, the
084 commissioner, a deputy commissioner, or an examiner of the bureau
084 shall not be an officer, director, or employee of an institution
084 subject to this act, of an out-of-state bank, of a national bank,
084 or of any affiliate or subsidiary thereof or receive, either
084 directly or indirectly, a fee, perquisite, reward, emolument, or
084 other compensation from any such entities.

084

084 (3) The commissioner, a deputy commissioner, or examiner shall
084 not borrow money, directly or indirectly, from an institution
084 subject to this act, except for a mortgage loan upon the
084 mortgagor's own home or upon installment debt transferred to an
084 institution in the regular course of business by a seller of
084 consumer goods.

084

084 (4) Subsection (3) does not apply to loans made prior to the
084 person's respective term of office.

084

084 (5) If the commissioner, a deputy commissioner, or an examiner
084 of the bureau borrows from, or is or becomes indebted to, an
084 institution subject to this act, an out-of-state bank, or a
084 national bank, he or she shall make a written report to the
084 bureau, or to the governor in the case of the commissioner,
084 stating the date and amount of the loan or indebtedness, the
084 security given on the loan, and the purpose for which the

084 proceeds have been or are to be used.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1995, Act
078 202, Imd. Eff. Nov. 29, 1995.

067

067 487.316 Officers and employees; civil liability.

067

084 Sec. 16. The commissioner, any deputy commissioner, examiner or
084 other employee of the bureau shall not be liable in any civil
084 action for damages for any act done or omitted in good faith in
084 performing the functions of his office.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.317 Employees; bonds.

067

084 Sec. 17. Employees of the bureau handling money or securities
084 in the course of their duties shall be bonded in such form and
084 amount as the director of the department of commerce may
084 determine.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.318 Seal.

067

084 Sec. 18. The commissioner shall devise a seal for the use of
084 the bureau, a description of which, with an impression thereof,
084 shall be filed in the office of the secretary of state.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.319 Commissioner; promulgation of rules.

067

084 Sec. 19. The commissioner shall promulgate rules in addition to
084 those specifically provided for by this act as he may deem
084 necessary to effectuate the purposes and to execute and enforce
084 the provisions of this act in accordance with the provisions of
084 Act No. 88 of the Public Acts of 1943, as amended, being sections
084 24.71 to 24.80 of the Compiled Laws of 1948, and subject to Act
084 No. 197 of the Public Acts of 1952, as amended, being sections
084 24.101 to 24.110 of the Compiled Laws of 1948.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.320 Commissioner; annual report; contents.

067

084 Sec. 20. For each calendar year the commissioner shall compile
084 and publish an annual report in such form and containing such
084 information as the commissioner may determine necessary to
084 reasonably summarize the operations of the bureau during such
084 year.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.323 Examination by commissioner; scope.

067

084 Sec. 23. (1) Each institution together with its subsidiaries
084 and service corporations shall be subject to examination of the

084 commissioner. The commissioner, or the commissioner's authorized
084 agent, shall examine, with or without prior notice, 1 or more
084 times in each calendar year the condition and affairs of each
084 institution. One examination shall be known as the annual
084 examination. The commissioner shall examine an institution under
084 the commissioner's jurisdiction when requested by its board of
084 directors. In connection with an examination, the commissioner,
084 or the commissioner's authorized agent, may examine on oath a
084 director, officer, agent, employee, or shareholder of an
084 institution concerning the affairs and business of the
084 institution. The commissioner shall ascertain whether the
084 institution transacts its business in the manner prescribed by
084 law and the rules promulgated pursuant to law. The commissioner,
084 or the commissioner's authorized agent, may make an examination
084 of an affiliate, subsidiary, or service corporation necessary to
084 disclose fully the relation between an institution and the
084 affiliate, subsidiary, or service corporation and the effect of
084 the relation upon the institution.

084

084 (2) The commissioner may examine the branch or branches located
084 in this state of an out-of-state bank as permitted by the federal
084 deposit insurance act, chapter 967, 64 Stat. 873.

084

084 (3) In fulfilling the requirements of subsections (1) and (2),
084 the commissioner may use an examination made pursuant to the
084 federal reserve act, chapter 6, 38 Stat. 251, or the federal
084 deposit insurance act, or the law of another state governing the
084 activities of out-of-state banks in that state. The commissioner
084 may require the institution to furnish a copy of any report

084 required by a federal or state bank regulatory agency.

084

084 (4) An examination required by this section shall include the
084 fiduciary activities of the institution.

084

084 (5) The commissioner may contract with other state bank
084 regulatory agencies to assist in the conduct of examinations of
084 banks with 1 or more branches located in other states and in
084 examinations of out-of-state banks with 1 or more branches
084 located in this state.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1980, Act
078 65, Imd. Eff. Apr. 2, 1980;--Am. 1987, Act 104, Imd. Eff. July 7,
078 1987;--Am. 1995, Act 202, Imd. Eff. Nov. 29, 1995.

067

067 487.325 Supervisory fee; credit; schedule of fees; amount of
067 fee; fees for furnishing and certifying copies of documents;
067 action for recovery of fees or expenses; disposition and use of
067 fees and expenses.

067

084 Sec. 25. (1) As determined by the commissioner, each bank shall
084 pay an annual supervisory fee of not less than 4 cents nor more
084 than 25 cents for each \$1,000.00 of the total assets of the bank
084 as reported by the bank on its report of condition for the
084 previous year. The supervisory fee for a bank that was a national
084 bank or an association on December 31 of the previous year shall
084 be based upon its total assets as reported by the bank in the
084 report of condition for the previous year that was filed by the
084 bank with its state of charter or federal regulator. The

084 supervisory fee for a bank that was not engaged in the business
084 of banking on December 31 of the previous year shall be the
084 minimum supervisory fee established by the commissioner.

084

084 (2) The supervisory fee for a bank shall not be less than
084 \$1,000.00.

084

084 (3) The commissioner shall invoice the supervisory fee no later
084 than July 1 of each year and shall be paid by the bank no later
084 than August 15 of that year.

084

084 (4) If a bank has paid a supervisory fee but is not examined by
084 the commissioner during the calendar year, the bank shall receive
084 a credit of not less than 30% nor more than 70% of the
084 supervisory fee against its next succeeding annual supervisory
084 fee. The percentage of the supervisory fee credit shall be
084 determined annually by the commissioner and shall be the same for
084 all banks.

084

084 (5) The commissioner shall periodically establish a schedule of
084 fees to be paid by institutions, out-of-state banks, national
084 banks, and foreign banks for examinations, evaluations, and
084 applications considered necessary by the commissioner.

084

084 (6) The amount of a fee established under subsection (5) shall
084 be equal to the estimated cost to the bureau of processing the
084 examination, evaluation, or application for which the fee is
084 imposed.

084

084 (7) The commissioner may charge reasonable fees for furnishing
084 and certifying copies of documents filed in the bureau and the
084 costs of publishing or serving of notices required by this act.

084

084 (8) If any fees or expenses provided for in this section are
084 not paid by an institution, out-of-state bank, national bank, or
084 foreign bank when due, the commissioner may, after proper notice
084 to the institution, out-of-state bank, national bank, or foreign
084 bank, maintain an action against the institution, out-of-state
084 bank, national bank, or foreign bank for the recovery of the fees
084 or expenses plus interest and costs.

084

084 (9) The fees and expenses collected under this section are not
084 refundable and shall be paid into the state treasury to the
084 credit of the bureau and used only for the operation of the
084 bureau.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1982, Act
078 348, Imd. Eff. Dec. 21, 1982;--Am. 1985, Act 177, Imd. Eff.
078 Dec. 6, 1985;--Am. 1987, Act 104, Imd. Eff. July 7, 1987;--Am.
078 1995, Act 90, Imd. Eff. June 20, 1995;--Am. 1996, Act 405, Imd.
078 Eff. Oct. 21, 1996.

067

067 487.327 Subpoena; petition; failure to obey; contempt.

067

084 Sec. 27. The commissioner may petition the circuit court for
084 the jurisdiction in which the examination is being carried on to
084 issue a subpoena on behalf of the bureau requiring any person to
084 appear before the bureau and be examined under oath with

084 reference to any matter within the scope of an examination of an
084 institution as provided for in section 23 or 142 and to produce
084 books, records, or papers. A failure to obey the subpoena of the
084 circuit court may be punished by the circuit court as a contempt
084 of the circuit court.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1984, Act
078 250, Imd. Eff. Oct. 15, 1984.

067

067 487.328 Self-incrimination; immunity.

067

084 Sec. 28. No person shall be excused from testifying or from
084 producing any books, papers, records or memoranda in any
084 examination when ordered to do so by the commissioner, upon the
084 ground that the testimony or evidence, documentary or otherwise,
084 may tend to incriminate him or subject him to a criminal penalty;
084 but no individual shall be prosecuted or subjected to any penalty
084 or forfeiture for or on account of any transaction, matter, or
084 thing concerning which he is compelled, after having claimed his
084 privilege against self-incrimination, to testify or produce
084 evidence, documentary or otherwise, except that the individual so
084 testifying shall not be exempt from prosecution or punishment for
084 perjury committed in so testifying.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.329 Confidentiality of information obtained by commissioner
067 and other employees of bureau; exception.

067

084 Sec. 29. (1) The commissioner and all deputies, agents, and
084 employees of the bureau shall be bound by oath to keep secret all
084 facts and information obtained in the course of their duties,
084 except if the person is required pursuant to law to report upon,
084 take official action, or testify in any proceedings regarding the
084 affairs of an institution.

084

084 (2) Notwithstanding subsection (1), the commissioner may make
084 disclosure to persons at such times as is in the public interest
084 within the purposes of this act.

084

084 (3) The provisions of this section are not applicable to, and
084 do not prohibit the furnishing of information or documents to,
084 the federal or out-of-state bank, association, or savings bank
084 regulatory agencies, and are not applicable to disclosures made
084 to interested parties by the commissioner, at his or her
084 discretion, with respect to supervisory actions, examinations, or
084 applications.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1995, Act
078 202, Imd. Eff. Nov. 29, 1995.

067

067 487.330 Reconsideration of order, ruling, or finding; request;
067 hearing; notice of application; publication; notice of protest;
067 written statement; oral argument; order; explanation of
067 decision; appeal; petition for reconsideration; final order;
067 rules.

067

084 Sec. 30. (1) Except with respect to rules promulgated under

084 section 19, a cease and desist order made under sections 35 to
084 46, an order made on an application seeking approval of the
084 commissioner under section 53, 54, 121, 125, 130b, 141, 142, 144,
084 151(32), 151h, or 157, or an objection issued under section 171,
084 an institution or an interested party who is dissatisfied with an
084 order, ruling, or finding issued by the commissioner may request
084 a reconsideration of the order, ruling, or finding within 10 days
084 after the issuance of the order, ruling, or finding. Within 30
084 days after the receipt of a written request for reconsideration,
084 the commissioner shall set the matter down for a formal hearing
084 unless a formal hearing has been held before the issuance of the
084 order, ruling, or finding. The commissioner may conduct a formal
084 hearing before the issuance of an order, ruling, or finding.

084

084 (2) A hearing held under subsection (1) shall be conducted
084 pursuant to the administrative procedures act of 1969, Act
084 No. 306 of the Public Acts of 1969, being sections 24.201 to
084 24.328 of the Michigan Compiled Laws.

084

084 (3) The commissioner shall require an entity making an
084 application under section 53, 54, 121, 125, 130b, 141, 142, 144,
084 151(32), 151h, or 157 to give notice of the application by
084 publication. The applicant, within 10 days after the acceptance
084 of an application, shall publish notice in a newspaper or
084 newspapers of general circulation in the community or communities
084 in which the bank, branch, state foreign bank branch, state
084 agency, or additional office of a state foreign bank branch or
084 state agency, is to be located and in which the bank, banks, bank
084 holding company, state foreign bank branch, or state agency

084 involved in the subject application are located. Publication
084 shall be in the form prescribed by the commissioner and be 1 time
084 per week for 2 consecutive weeks with an interval between
084 publications of not less than 5 days. Proof of publication shall
084 be filed with the commissioner within 10 days after the date of
084 the second publication of notice.

084

084 (4) An interested party who desires to protest the application
084 shall file a written notice of protest with the commissioner and
084 with the applicant within 10 days after the date of the second
084 publication of notice. Within 30 days after the date of the
084 second publication of notice, an interested party who has filed a
084 written notice of protest shall file with the commissioner and
084 with the applicant, a written statement setting forth all of the
084 following:

084

084 (a) A list of specific items in the application which are the
084 basis for the protest and an explanation of the reasons for the
084 protest.

084

084 (b) A statement of the facts supporting the reasons for the
084 protest including economic and financial data.

084

084 (c) A request for oral argument if desired.

084

084 (5) Within 40 days after the date of the second publication of
084 notice, the applicant may file with the commissioner and with the
084 parties that have filed written notice of protest, written
084 material in response to the written statement and may request

084 oral argument before the commissioner if oral argument has not
084 been requested by an interested party who has filed a written
084 notice of protest.

084

084 (6) Oral argument may be held at the commissioner's discretion
084 if neither the applicant nor an interested party requests oral
084 argument.

084

084 (7) An oral argument, if scheduled as provided in this section,
084 shall be held within 55 days after the date of the second
084 publication of notice.

084

084 (8) Only the applicant and those interested parties who have
084 filed written statements under subsection (4) may participate in
084 the oral argument. Oral argument may be made by each party or by
084 an authorized representative. Oral argument shall be limited to
084 issues raised in the materials submitted in connection with the
084 application and the protest. One hour shall be permitted to each
084 participant other than the applicant for oral argument. The
084 applicant shall have as much time as all other participants have
084 been permitted. The commissioner shall have a stenographic record
084 made of the oral argument, with costs to be allocated equally
084 among the parties requesting oral argument unless otherwise
084 provided by rule of the commissioner.

084

084 (9) The commissioner shall issue an order within 100 days after
084 the filing of the application. If an application is denied, or if
084 a protested application is approved, the commissioner shall
084 provide a detailed written explanation of the basis of the

084 commissioner's decision. Appeal of an order shall not be made by
084 a party without first requesting a reconsideration of the order
084 under subsection (10).

084

084 (10) The applicant or an interested party who filed written
084 statements under subsection (4) and who participated in the oral
084 argument, if held, who is dissatisfied with an order of the
084 commissioner or an institution that is dissatisfied with an
084 objection issued under section 171, may within 5 days after the
084 issuance of the order or objection file with the commissioner a
084 written request for reconsideration of the order or objection
084 stating the reasons for the request. The commissioner, within 10
084 days of receiving the request for reconsideration, shall render a
084 decision on the request for reconsideration. If a petition for
084 reconsideration is granted, the commissioner shall grant the
084 applicant and all interested parties 10 days to file written
084 arguments or briefs. The commissioner may conduct an oral
084 argument after granting a petition for reconsideration. The
084 argument shall be held within 10 days after granting the
084 petition. The commissioner shall issue a final order, objection,
084 or withdrawal of an objection within 20 days after granting the
084 petition for reconsideration.

084

084 (11) The commissioner may promulgate rules pursuant to Act
084 No. 306 of the Public Acts of 1969, to provide the application
084 procedure. The rules shall be consistent with this section.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1978, Act
078 524, Imd. Eff. Dec. 20, 1978;--Am. 1984, Act 250, Imd. Eff.

078 Oct. 15, 1984;--Am. 1985, Act 177, Imd. Eff. Dec. 6, 1985;--Am.

078 1988, Act 200, Eff. Aug. 1, 1988;--Am. 1991, Act 12, Imd. Eff.

078 Apr. 25, 1991;--Am. 1995, Act 202, Imd. Eff. Nov. 29, 1995;--Am.

078 1996, Act 405, Imd. Eff. Oct. 21, 1996.

078

078 Administrative rules: R 487.1101 et seq. of the Michigan

078 Administrative Code.

067

067 487.335 Cease and desist orders; notice; contents; hearings;

067 issuance; effective date; violations by out-of-state bank

067 branch or national bank.

067

084 Sec. 35. (1) If in the opinion of the commissioner any

084 institution is engaging or has engaged, or the commissioner has

084 reasonable cause to believe that the institution is about to

084 engage, in an unsafe or unsound practice in conducting the

084 business of the institution or is violating or has violated, or

084 the commissioner has reasonable cause to believe that the

084 institution is about to violate, a law or rule, the commissioner

084 may issue and serve upon the institution a notice of charges in

084 respect thereof. The notice shall contain a statement of the

084 facts constituting the alleged unsafe or unsound practice or

084 violation, and shall fix a time and place at which a hearing will

084 be held to determine whether an order to cease and desist should

084 issue against the institution. The hearing shall be not earlier

084 than 30 days nor later than 60 days after service of the notice

084 unless an earlier or a later date is set by the commissioner at

084 the request of the institution. Unless the institution appears at

084 the hearing by a duly authorized representative, it shall be

084 deemed to have consented to the issuance of the cease and desist
084 order. In the event of such consent, or if upon the record made
084 at the hearing, the commissioner finds that an unsafe or unsound
084 practice or violation specified in the notice of charges has been
084 established, the commissioner may issue and serve upon the
084 institution an order to cease and desist from the practice or
084 violation. The order may require the institution and its
084 directors, officers, employees, and agents to cease and desist
084 from the practice or violation and to take affirmative action to
084 correct the conditions resulting from any such practice or
084 violation.

084

084 (2) A cease and desist order becomes effective at the
084 expiration of 30 days after the service of the order upon the
084 institution, except in the case of an order issued upon consent
084 which shall become effective at the time specified in the order,
084 and shall remain effective and enforceable as provided in the
084 order, except to the extent it is stayed, modified, terminated,
084 or set aside by action of the commissioner or a reviewing court.

084

084 (3) If the commissioner determines that an out-of-state bank
084 branch located in this state is acting in violation of the laws
084 of this state or that the activities of the branch are being
084 conducted in an unsafe and unsound manner, the commissioner may
084 undertake enforcement actions and proceedings as would be
084 permitted if the branch were a bank. If the commissioner
084 determines that a national bank is acting in violation of the
084 laws of this state, the commissioner shall notify the comptroller
084 of the currency and the Michigan attorney general.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1995, Act
078 202, Imd. Eff. Nov. 29, 1995;--Am. 1996, Act 405, Imd. Eff.
078 Oct. 21, 1996.

067

067 487.336 Temporary order to cease and desist; effective period;
067 injunction to set aside.

067

084 Sec. 36. (1) Whenever the commissioner determines that the
084 violation or threatened violation or the unsafe or unsound
084 practice or practices, specified in the notice of charges served
084 upon the institution pursuant to subsection (1) of section 35, or
084 the continuation thereof, is likely to cause insolvency or
084 substantial dissipation of assets or earnings of the institution,
084 or is likely to otherwise seriously prejudice the interests of
084 its depositors, the commissioner may issue a temporary order
084 requiring the institution to cease and desist from any such
084 violation or practice. Such order shall become effective upon
084 service upon the institution and, unless set aside, limited or
084 suspended by a court in proceedings authorized by subsection (2),
084 shall remain effective and enforceable pending the completion of
084 the administrative proceedings pursuant to such notice and until
084 such time as the commissioner shall dismiss the charges specified
084 in such notice or if a cease and desist order is issued against
084 the institution, until the effective date of such order.

084

084 (2) Within 10 days after the institution has been served with a
084 temporary cease and desist order, the institution may apply to
084 the circuit court for the county in which the home office of the

084 institution is located for an injunction setting aside, limiting
084 or suspending the enforcement, operation or effectiveness of the
084 order pending the completion of the administrative proceedings
084 pursuant to the notice of charges served upon the institution
084 under subsection (1) of section 35 and the court shall have
084 jurisdiction to issue the injunction.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.337 Director or officers; removal or suspension; notice;
067 contents; hearing.

067

084 Sec. 37. (1) Whenever, in the opinion of the commissioner, any
084 director or officer of an institution has committed any violation
084 of law or rule or of a cease and desist order which has become
084 final, or has engaged or participated in any unsafe or unsound
084 practice in connection with the institution, or has committed or
084 engaged in any act, omission or practice which constitutes a
084 breach of his fiduciary duty as a director or officer and the
084 commissioner determines that the institution has suffered or will
084 probably suffer substantial financial loss or other damage or
084 that the interests of its depositors could be seriously
084 prejudiced by reason of the violation or practice or breach of
084 fiduciary duty, the commissioner may serve upon the director or
084 officer a written notice of his intention to remove him from
084 office.

084

084 (2) Whenever, in the opinion of the commissioner, any director
084 or officer of any institution, by conduct or practice with

084 respect to another institution or other business organization
084 which resulted in substantial financial loss or other damage, has
084 evidenced his personal unfitness to continue as a director or
084 officer and, whenever, in the opinion of the commissioner, any
084 other person participating in the conduct of the affairs of any
084 institution, by conduct or practice with respect to such
084 institution or other business organization which resulted in
084 substantial financial loss or other damage, has evidenced his
084 personal unfitness to participate in the conduct of the affairs
084 of such institution, the commissioner may serve upon the
084 director, officer or other person a written notice of his
084 intention to remove him from office or to prohibit his further
084 participation in any manner in the conduct of the affairs of the
084 institution.

084

084 (3) In respect to any director or officer of any institution or
084 any other person to whom notice is sent pursuant to subsection
084 (1) or (2) of this section, if the commissioner deems it
084 necessary for the protection of the institution or the interests
084 of its depositors that the director, officer or other person be
084 suspended from office or prohibited from further participation in
084 any manner in the conduct of the affairs of the institution, the
084 commissioner may serve upon such director, officer or other
084 person, a written notice suspending him from office or
084 prohibiting him from further participation in any manner in the
084 conduct of affairs of the institution. The suspension or
084 prohibition shall become effective upon service of the notice
084 and, unless stayed by a court in proceedings authorized by
084 section 38, shall remain in effect pending the completion of the

084 administrative proceedings pursuant to the notice served under
084 subsections (1) or (2) and until such time as the commissioner
084 shall dismiss the charges specified in such notice or, if an
084 order of removal or prohibition is issued against the director,
084 officer or other person, until the effective date of such order.
084 Copies of the notice shall also be served upon the institution of
084 which he is a director or officer or in the conduct of whose
084 affairs he has participated.

084

084 (4) A notice of intention to remove a director, officer or
084 other person from office or to prohibit his participation in the
084 conduct of the affairs of any institution shall contain a
084 statement of the facts constituting grounds therefor, and shall
084 fix a time and place at which a hearing will be held thereon. The
084 hearing shall be held not earlier than 30 days nor later than 60
084 days after the date of service of the notice, unless an earlier
084 or a later date is set by the commissioner at the request of the
084 director, officer or other person and for good cause shown.
084 Unless the director, officer or other person appears at the
084 hearing in person or by a duly authorized representative, he
084 shall be deemed to have consented to the issuance of an order of
084 removal or prohibition. In the event of consent, or if upon the
084 record made at the hearing the commissioner finds that any of the
084 grounds specified in the notice have been established, the
084 commissioner may issue such orders of suspension or removal from
084 office, or prohibition from participation in the conduct of the
084 affairs of the institution, as he deems appropriate. The order
084 shall become effective at the expiration of 30 days after service
084 upon the institution and the director, officer or other person

084 concerned except in the case of an order issued upon consent,
084 which shall become effective at the time specified therein. The
084 order shall remain effective and enforceable except to such
084 extent as it is stayed, modified, terminated or set aside by
084 action of the commissioner or a reviewing court.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.338 Director or officers; stay of suspension or prohibition.

067

084 Sec. 38. Within 10 days after any director, officer or other
084 person has been suspended from office or prohibited from
084 participation in the conduct of the affairs of any institution
084 under subsection (3) of section 37, the director, officer or
084 other person may apply to the circuit court for the county in
084 which the home office of the institution is located for a stay of
084 the suspension or prohibition pending the completion of the
084 administrative proceedings pursuant to the notice served upon the
084 director, officer or other person under subsections (1) or (2) of
084 section 37 and the court shall have jurisdiction to stay the
084 suspension or prohibition.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.339 Director or officers; criminal charges; suspension;
067 effective period.

067

084 Sec. 39. Whenever any director or officer of any institution or
084 other person participating in the conduct of the affairs of an

084 institution is charged in any information, indictment, warrant or
084 complaint authorized by a county, state or United States
084 authority with the commission of, or participation in, a felony
084 involving dishonesty or breach of trust, the commissioner, by
084 written notice served upon the director, officer or other person
084 may suspend him from office or prohibit him from further
084 participation in any manner in the conduct of the affairs of the
084 institution. A copy of the notice shall also be served upon the
084 institution. The suspension or prohibition shall remain in effect
084 until the information, indictment, warrant or complaint is
084 finally disposed of or until terminated by the commissioner. If a
084 judgment of conviction with respect to the offense is entered
084 against the director, officer or other person, and at such time
084 as the judgment is not subject to further appellate review, the
084 commissioner may issue and serve upon the director, officer or
084 other person an order removing him from office or prohibiting him
084 from further participation in any manner in the conduct of the
084 affairs of the institution except with the consent of the
084 commissioner. A copy of the order shall also be served upon the
084 institution, whereupon the director or officer shall cease to be
084 a director or officer of the institution. A finding of not guilty
084 or other disposition of the charge shall not preclude the
084 commissioner from thereafter instituting proceedings to suspend
084 or remove the director, officer or other person from office or to
084 prohibit further participation in institution affairs, pursuant
084 to subsections (1), (2) or (3) of section 37.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.340 Director; suspension; temporary directors; operation of
067 board.

067

084 Sec. 40. If at any time, because of the suspension or removal
084 of 1 or more directors pursuant to this section, the board of
084 directors of an institution has less than a quorum of directors
084 not so suspended or removed, all powers and functions vested in
084 or exercisable by the board shall vest in and be exercisable by
084 the directors on the board not so suspended or removed, until
084 such time as there is a quorum of the board of directors. If all
084 of the directors of an institution are suspended or removed
084 pursuant to this section, the commissioner shall appoint persons
084 to serve temporarily as directors pending the termination of the
084 suspensions or removals, or until such time as their successors
084 are duly elected and take office.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.341 Hearings; private, public; petition; review.

067

084 Sec. 41. (1) Any hearing provided for in sections 35 to 46
084 shall be conducted in accordance with the provisions of Act No.
084 306 of the Public Acts of 1969, being sections 24.201 to 24.313
084 of the Compiled Laws of 1948. The hearing shall be private,
084 unless the commissioner, after fully considering the views of the
084 party afforded the hearing, determines that a public hearing is
084 necessary to protect the public interest. After the hearing and
084 within 90 days after the commissioner has notified the parties
084 that the case has been submitted to him for final decision, he

084 shall render his decision which shall include findings of fact
084 upon which his decision is predicated and shall issue and serve
084 upon each party to the proceeding an order consistent with the
084 provisions of this section.

084

084 (2) Any party to the proceeding, or any person required by an
084 order issued under sections 35 to 46 to cease and desist from any
084 of the violations or practices stated therein or to be suspended,
084 removed or prohibited from participation in the conduct of the
084 affairs of any institution, may obtain a review of any order
084 served pursuant to subsection (1) of this section, other than a
084 consent order, which review shall be exclusively as provided in
084 Act No. 306 of the Public Acts of 1969. Unless a petition for
084 review is timely filed as provided in that act, the commissioner,
084 at any time, upon such notice and in such manner as he deems
084 proper, may modify, terminate or set aside the order. Upon the
084 timely filing of a petition for review, the commissioner may
084 modify, terminate or set aside the order with the permission of
084 the court.

084

084 (3) Unless specifically ordered by the court, the commencement
084 of proceedings for judicial review under subsection (2) of this
084 section shall not operate as a stay of any order issued by the
084 commissioner.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1970, Act
078 148, Imd. Eff. Aug. 1, 1970.

067

067 487.342 Judicial enforcement of notice or order.

067

084 Sec. 42. The commissioner may apply to the circuit court of the
084 county in which the home office of the institution is located, or
084 in the circuit court for Ingham county, for the enforcement of
084 any effective and outstanding notice or order issued under
084 sections 35 to 46 including any temporary cease and desist order
084 issued pursuant to subsection (1) of section 36, and the court
084 shall have jurisdiction and power to order and require compliance
084 therewith; but except as otherwise provided in this section no
084 court shall have jurisdiction to affect by injunction or
084 otherwise the issuance or enforcement of any notice or order
084 under sections 35 to 46, or to review, modify, suspend, terminate
084 or set aside any such notice or order.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1970, Act
078 148, Imd. Eff. Aug. 1, 1970.

067

067 487.343 Director or officers; violation of order; penalty.

067

084 Sec. 43. Any director or officer or former director or officer
084 of any institution or any other person, against whom there is
084 outstanding and effective any notice or final order served upon
084 the director, officer or other person under subsections (1), (2)
084 or (3) of section 37, or of section 39, who (i) participates in
084 any manner in the conduct of the affairs of the institution
084 involved, or directly or indirectly solicits or procures, or
084 transfers or attempts to transfer, or votes or attempts to vote,
084 any proxies, consents, or authorizations in respect of any voting
084 rights in such institution, or (ii) without the prior written

084 approval of the commissioner, votes for a director, serves or
084 acts as a director, officer or employee of any institution, shall
084 be fined not more than \$5,000.00 or imprisoned for not more than
084 1 year, or both.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.344 Final cease and desist order; violation; definitions.

067

084 Sec. 44. As used in sections 35 to 46:

084

084 (a) "Cease and desist order which has become final" and "order
084 which has become final" means a cease and desist order or an
084 order issued by the commissioner with the consent of the
084 institution or the director or officer or other person concerned
084 or with respect to which no petition for review of the action of
084 the commissioner has been filed and perfected in a circuit court
084 as specified in subsection (2) of section 41, or with respect to
084 which the action of the court in which the petition is filed is
084 not subject to further review by the courts of the state.

084

084 (b) "Violation" includes, without limitation, any action, alone
084 or with others, for or toward causing, bringing about,
084 participating in, counseling, or aiding or abetting a violation.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.345 Service of process; notice to governor.

067

084 Sec. 45. (1) A service required or authorized to be made by the
084 commissioner under sections 35 to 46 may be made by registered or
084 certified mail, or in any other manner reasonably calculated to
084 give actual notice as the commissioner by rule or otherwise may
084 provide. Copies of a notice or order served by the commissioner
084 upon an institution or any director or officer of an institution
084 or other person participating in the conduct of the institution's
084 affairs, pursuant to the provisions of sections 35 to 46, shall
084 also be sent to the appropriate federal and out-of-state bank,
084 association, and savings bank regulatory agencies.

084

084 (2) In connection with the issuance of a cease and desist order
084 under this act, the commissioner shall inform the governor of his
084 or her intent to issue the order. Failure to inform the governor
084 renders the order invalid.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1995, Act
078 202, Imd. Eff. Nov. 29, 1995.

067

067 487.346 Notice to federal supervising authority; grounds for
067 attacking validity of notice or order.

067

084 Sec. 46. In connection with any proceeding under section 35,
084 subsection (1) of section 36 or section 37, the commissioner
084 shall provide the appropriate federal supervisory authorities
084 with notice of intent to institute such a proceeding and the
084 grounds therefor. No institution or other party who is the
084 subject of any notice or order issued by the commissioner under
084 sections 35 to 46 shall have standing to raise the requirements

084 of section 45 or this section with respect to notifying federal
084 supervisory authorities as ground for attacking the validity of
084 any notice or order.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

078

068 CHAPTER 3

068

068 CORPORATE STRUCTURE

067

067 487.351 Bankers and fiduciaries; qualifications.

067

084 Sec. 51. (1) A person shall not engage in the business of
084 banking in this state unless authorized by this act, the laws of
084 another state, the national bank act, chapter 106, 13 Stat. 99,
084 the international banking act of 1978, or if engaged in the
084 business of banking on the effective date of this act under
084 authority of former Act No. 341 of the Public Acts of 1937.

084

084 (2) Except for acting as an escrow agent, only an individual or
084 corporation may act as a fiduciary in this state. A corporation
084 acting as a fiduciary may do so only if the corporation is 1 of
084 the following:

084

084 (a) A bank authorized to exercise trust powers under this act,
084 or authorized to conduct trust business in this state prior to
084 November 29, 1995.

084

084 (b) A state foreign bank branch authorized to exercise trust

084 powers under this act.

084

084 (c) An out-of-state bank, that is authorized to exercise trust
084 powers under the law of the state where it is organized, provided
084 that the laws of the state, District of Columbia, territory, or
084 protectorate of the United States under which it is chartered
084 allow a bank to exercise trust powers in its state, the District
084 of Columbia, territory, or protectorate. An out-of-state bank
084 authorized to exercise trust powers under this section may do so
084 only to the extent a bank may exercise trust powers under this
084 act.

084

084 (d) A national bank authorized to exercise trust powers under
084 the national bank act, chapter 106, 13 Stat. 99, provided the
084 national bank is located in this state, or, if the national bank
084 is located in another state, the District of Columbia, or a
084 territory or protectorate of the United States, the laws where
084 the national bank is located allow a bank to exercise trust
084 powers in that state, the District of Columbia, territory, or
084 protectorate. A national bank authorized to exercise trust powers
084 under this section may do so only to the extent that a bank may
084 exercise trust powers under this act.

084

084 (e) A nonbanking corporation to the extent that it may be
084 specifically authorized to act as fiduciary in this state by
084 another statute of this state.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1984, Act
078 250, Imd. Eff. Oct. 15, 1984;--Am. 1995, Act 202, Imd. Eff.

078 Nov. 29, 1995;--Am. 1996, Act 405, Imd. Eff. Oct. 21, 1996.

078

078 Compiler's note: Act 341 of 1937, referred to in this section,
078 was repealed by Act 174 of 1962 and Act 319 of 1969.

067

067 487.352 Banking business; incorporators.

067

084 Sec. 52. Except as otherwise provided in chapter 3A, any number
084 of natural persons, not less than 5, a majority of whom are
084 residents of this state and citizens of the United States or its
084 territories or possessions, may incorporate to carry on the
084 business of banking under this act.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1984, Act
078 250, Imd. Eff. Oct. 15, 1984.

067

067 487.353 Application by incorporators for permission to organize
067 bank; form; contents; publication and proof of notice; waiver;
067 examination and investigation; approval or disapproval; appeal.

067

084 Sec. 53. (1) Such persons shall apply to the commissioner for
084 permission to organize a bank under this act, which application
084 shall be on forms prescribed by the commissioner and shall set
084 forth such information as the commissioner may require in
084 addition to the following:

084

084 (a) Their names and addresses.

084

084 (b) Their present principal business occupations.

084

084 (c) Such information respecting their financial
084 responsibilities as the commissioner may require.

084

084 (d) The nature and extent of their present or prior
084 relationships, directly or indirectly, with banks, trust
084 companies or other financial organizations.

084

084 (2) The incorporators, after making such application, shall
084 publish notice twice and in consecutive weeks that the
084 application has been made. The notice shall set forth the names
084 and addresses of the incorporators and the proposed name and
084 location of the bank to be organized. Proof of such notice shall
084 be furnished to the commissioner within 30 days after the date of
084 the application. The commissioner may waive the publication
084 requirements, if in his opinion, such waiver is necessary or
084 appropriate in the public interest.

084

084 (3) The commissioner shall examine the information and
084 statements contained in the application as well as make any other
084 or further investigation as to the persons, conditions and
084 circumstances surrounding or in any manner affecting or
084 pertaining to the organization of such bank, and he shall make a
084 careful investigation sufficient to satisfy him as to:

084

084 (a) Whether the character, responsibility and fitness of the
084 incorporators and of the proposed directors and officers, and
084 their motives in seeking to organize the bank are such as to
084 command the confidence of the community and to warrant the belief

084 that the business of the proposed bank will be honestly and
084 efficiently conducted.

084

084 (b) Whether the convenience and needs of the public will be
084 served by the proposed bank.

084

084 (c) The likelihood of successful operation of the proposed
084 bank, giving consideration to, but not by way of limitation:

084

084 (i) Population density.

084

084 (ii) Economic characteristics of the area primarily to be
084 served.

084

084 (iii) The competition offered by existing banks and other
084 financial institutions.

084

084 (d) Whether the capital structure of the proposed bank meets
084 the requirements of section 71.

084

084 (e) Whether there has been or will be any violation of section
084 55.

084

084 (4) The commissioner shall approve or disapprove the
084 application in writing within 100 days of the receipt of the
084 application or the last amendment or supplement thereto, except
084 that in the case of an application to organize a new bank under
084 section 130(2)(a) for the sole purpose of consolidating or
084 merging the new bank with or into an existing bank, the

084 commissioner shall approve or disapprove the application in
084 writing within 30 days of the receipt of the application or the
084 last amendment or supplement thereto. If the commissioner
084 disapproves the application, the applicants may appeal in the
084 manner provided in section 30.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1985, Act
078 177, Imd. Eff. Dec. 6, 1985.

067

067 487.354 Application by depository institutions for permission to
067 incorporate bank; form; contents; examination and
067 investigation; notice of approval or disapproval; compliance;
067 ownership of shares of stock; "applicant" defined; rules.

067

084 Sec. 54. (1) Any number of depository institutions may apply to
084 incorporate a bank exclusively to serve depository institutions
084 or their officers, directors, and employees.

084

084 (2) A depository institution shall apply to the commissioner
084 for permission to organize a bank under this act, which
084 application shall be on forms prescribed by the commissioner and
084 set forth the information the commissioner requires.

084

084 (3) The commissioner shall examine the information contained in
084 the application and make any other investigation the commissioner
084 considers necessary pertaining to the organization of the new
084 bank. The commissioner shall issue to the applicants, within the
084 time period provided in section 30, written notice of approval or
084 disapproval of the application.

084

084 (4) A bank organized pursuant to this section is not subject to
084 the provisions of section 53, but shall comply with all other
084 provisions of the act, except as otherwise specifically provided
084 in rules of the commissioner promulgated under subsection (7).

084

084 (5) The shares of stock of a bank organized pursuant to this
084 section shall be owned exclusively by depository institutions.

084

084 (6) As used in this section, "applicant" means the depository
084 institutions making an application pursuant to this section.

084

084 (7) The commissioner may promulgate rules pursuant to the
084 administrative procedures act of 1969, Act No. 306 of the Public
084 Acts of 1969, being sections 24.201 to 24.328 of the Michigan
084 Compiled Laws, to implement and enforce this section. The rules
084 shall be consistent with this section.

084

078 History: Add. 1985, Act 177, Imd. Eff. Dec. 6, 1985;--Am. 1995,
078 Act 202, Imd. Eff. Nov. 29, 1995.

067

067 487.355 Organization expense fund; subscribers; payments;
067 expenditures.

067

084 Sec. 55. In addition to paid-in capital and surplus
084 requirements as set forth in section 71, each subscriber at the
084 time he subscribes to the stock of a proposed bank shall pay in
084 cash a sum at least equal to 5% but not more than 10% of the par
084 value of such stock into a fund to be used to defray the expenses

084 of organization. No organization expense shall be paid out of any
084 other funds of the bank. If the application is approved, any
084 unexpended balance shall be transferred to undivided profits. If
084 the application has been finally denied, any unexpended balance
084 shall be distributed among the contributors in proportion to
084 their respective payments. The commissioner may require an
084 account of disbursements from the fund and may order the
084 incorporators to restore any sum which has been expended for
084 other than proper organizational expenses. Not more than 75% of
084 the organization expense fund shall be expended for obtaining
084 subscriptions to stock.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.358 Articles of incorporation; execution; approval; filing;
067 deposit insurance.

067

084 Sec. 58. (1) Upon approval of the application by the
084 commissioner, at least 4 original articles of incorporation,
084 executed by a majority of the applicants and acknowledged before
084 any officer authorized by the laws of this state to take and
084 certify acknowledgments, shall be submitted to the commissioner.
084 If the commissioner finds that the articles conform to law and
084 that all fees and charges have been paid as required by law, he
084 shall approve and file 1 of the original articles in his office,
084 certify and forward 1 of the original articles to the county
084 clerk of the county in which the bank is located, 1 of the
084 original articles to the corporation division of the department
084 of treasury, and 1 of the original articles to the incorporators.

084

084 (2) As a condition precedent to approving, certifying and
084 distributing the articles of incorporation, the incorporators
084 shall furnish evidence that a firm commitment to insure deposit
084 accounts up to the maximum permitted by federal law has been
084 issued by the federal deposit insurance corporation, unless the
084 commissioner, for good cause shown, waives such requirement.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.361 Articles of incorporation; contents.

067

084 Sec. 61. The articles of incorporation shall specify:

084

084 (a) The name of the bank which shall not resemble the name of
084 any other bank transacting business in this state so closely as
084 to be likely to cause confusion.

084

084 (b) The county and the city, incorporated village or township
084 where the principal office of the bank is to be located and to
084 conduct its business.

084

084 (c) The purpose or purposes of incorporation as provided in
084 this act.

084

084 (d) The authorized amount of its capital stock, and:

084

084 (i) If the bank is to be authorized to issue only 1 class of
084 stock, the total number of shares of stock which the bank may

084 issue and the par value of each of such shares.

084

084 (ii) If the bank is to be authorized to issue more than 1 class
084 of stock, a statement of the total number of shares of all
084 classes of stock which the bank may issue, the number of shares
084 of each class thereof, the par value of each share of each class
084 and a statement of all or any of the designations, powers,
084 preferences and rights, and the qualifications, limitations and
084 restrictions thereof.

084

084 (e) The names, places of residence and addresses of the
084 incorporators and the number of shares subscribed for by each.

084

084 (f) The period for which the bank is organized, which may be in
084 perpetuity.

084

084 (g) Any other provisions consistent with the laws of this state
084 for regulating the business of banking and for the conduct of the
084 affairs of the bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.364 Articles and documents; filing; purpose; constructive
067 notice.

067

084 Sec. 64. The filing of the articles or any other papers
084 pursuant to the provisions of this act is required for the
084 purpose of affording all persons the opportunity of acquiring
084 knowledge of the contents thereof but a person dealing with the

084 corporation shall not be charged with or be entitled to assert
084 constructive notice of the contents of any articles or papers by
084 reason of the filing except shareholders, officers and directors
084 of the corporation.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.366 Body corporate; preliminary powers.

067

084 Sec. 66. When the commissioner approves and files the articles
084 of incorporation as required by this act, the bank shall become a
084 body corporate. A bank shall not transact any business, except
084 such as is incidental and necessarily preliminary to its
084 organization, until it has been authorized by the commissioner to
084 commence the business of banking.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.367 Commencement of business; time period; notice;
067 examination; certificate showing authorization.

067

084 Sec. 67. (1) Within 30 days after the approval and filing of
084 its articles of incorporation, or such later time not to exceed 1
084 year as approved by the commissioner, the bank shall notify the
084 commissioner that all of its capital and surplus has been fully
084 paid in and that it has complied with all the provisions of this
084 act required to be complied with before a bank shall be
084 authorized to commence the business of banking.

084

084 (2) The commissioner shall make such examinations as he deems
084 necessary to verify the same and if it appears that the bank is
084 lawfully entitled to commence business, the commissioner, within
084 30 days after receiving the notice provided for in this section,
084 shall give to the bank a certificate under the official seal of
084 the bureau that the bank has complied with all of the required
084 provisions and is authorized to commence business.

084

084 (3) The application shall be deemed abandoned and of no further
084 effect if the bank fails to furnish the notice provided for in
084 this section within the specified time or fails to comply with
084 the required provisions within such period of time as the
084 commissioner determines.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.369 First meeting of bank incorporators; notice; contents;
067 service; waiver.

067

084 Sec. 69. The first meeting of every bank shall be called by a
084 notice signed by any incorporator designating the time and place
084 of the meeting and stating the purpose for which such meeting is
084 called. The notice shall be served personally on all the
084 incorporators at least 5 days before the date set for the
084 meeting. If all the incorporators are present at the meeting or
084 in writing waive notice and fix a time and place of meeting, then
084 no notice shall be required for the first meeting.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.371 Capital and surplus requirements.

067

084 Sec. 71. (1) A bank hereafter organized shall have capital in
084 such an amount as the commissioner deems adequate on the basis of
084 the population of the area to be served and the anticipated
084 nature of the institution's business but in no event less than
084 \$100,000.00, except that if a new bank is organized under section
084 130(2)(a) for the sole purpose of effecting its consolidation or
084 merger with an existing bank having its principal office in the
084 same city or village as the new bank and if upon completion of
084 the consolidation or merger a bank holding company becomes the
084 owner of all of the outstanding voting shares of the consolidated
084 organization, then this subsection shall not apply to the new
084 bank but shall apply to the consolidated organization.

084

084 (2) A bank shall not be authorized to commence business until
084 it shall have surplus at least equal to 20% of its capital.

084

084 (3) After organization each bank shall maintain an adequate
084 capital structure appropriate for the conduct of its business and
084 the protection of its depositors. The capital adequacy of a bank
084 shall be analyzed and appraised in relation to the character of
084 its management, the liquidity of assets, history of earnings and
084 of the retention thereof, the potential volatility of the deposit
084 structure and with due regard to the bank's capacity to furnish
084 the broadest service to the public.

084

084 (4) At all times a bank shall maintain surplus in an amount

084 which is equal to at least the amount of its capital, except as
084 provided in subsection (2) as to the initial surplus and except
084 as provided in section 85, and shall not reduce surplus without
084 the approval of the commissioner.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1985, Act
078 177, Imd. Eff. Dec. 6, 1985.

067

067 487.373 Capital notes, debentures and other evidences of
067 indebtedness; procedure to issue.

067

084 Sec. 73. Any bank, with the approval of shareholders owning $\frac{2}{3}$
084 of the stock of the bank entitled to vote, may issue capital
084 notes, debentures, and any other instrument of indebtedness, with
084 or without warrants for preferred and/or common stock,
084 convertible and nonconvertible, subordinated on insolvency,
084 liquidation, or dissolution to all obligations except obligations
084 to shareholders as such, in such amounts and under such terms and
084 conditions as are approved by the commissioner on the basis of
084 normal business considerations. In connection with the issuance
084 of convertible capital notes, debentures or any other instrument
084 of indebtedness, the commissioner may grant approval for the bank
084 to reserve such number of authorized and unissued shares of
084 capital stock as shall be required for issuance in exchange for
084 capital notes and debentures with respect to which conversion
084 privileges exist. If capital notes, debentures or any other
084 instrument of indebtedness are converted into shares of common or
084 preferred stock, a verified certificate executed by the president
084 of the bank stating the amount of such conversion, and such other

084 information with respect thereto as the commissioner may require,
084 shall be filed in the office of the commissioner. Outstanding
084 capital notes, debentures and any other instrument of
084 indebtedness issued pursuant to this section shall be added to
084 "capital" and "capital stock" as such terms are used in sections
084 188, 189, 194, 196 to 198 and 233 for the purpose of computing
084 the limitations contained in those sections based on amounts of
084 capital and capital stock.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.375 Vote of shareholders; application.

067

084 Sec. 75. Whenever a vote of the holders of shares of stock is
084 required in this act, those provisions shall apply only to the
084 voting stock in the bank, out-of-state bank, national bank,
084 association, or savings bank, voting by classes.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1995, Act
078 202, Imd. Eff. Nov. 29, 1995.

067

067 487.377 Shares of stock; certificates of stock; transfers;
067 validity; sale of shares to pay indebtedness; transfer prior to
067 maturity; contents of certificates; facsimile signature or
067 seal.

067

084 Sec. 77. (1) There shall be issued to every shareholder in a
084 bank certificates of stock which shall be transferable on the
084 books of the bank in such manner as may be prescribed in the

084 bylaws or articles of incorporation. A transfer of stock shall
084 not be valid against the bank, except with the consent of the
084 board of directors, so long as the registered holder thereof is
084 liable as principal debtor, surety or otherwise to the bank for
084 any debt which is due and unpaid.

084

084 (2) Whenever the registered holder of stock of a bank is liable
084 to it as principal debtor, surety or otherwise for any debt which
084 is due and unpaid, the directors of the bank may sell a
084 sufficient amount of the stock of the delinquent shareholder in
084 the same manner and with the same effect as provided in section
084 201 in the case of an unpaid assessment on the stock of the bank.
084 Nothing contained in this section shall prevent the bank from
084 bringing proceedings to recover the entire amount of the
084 indebtedness at any time before any such sale or to recover the
084 balance of the debt and costs after the proceeds of sale have
084 been applied against the debt and costs or to recover the balance
084 of the debt after the cancellation of the stock.

084

084 (3) The rights of any bank in its stock under this section
084 shall be subject to any pledge, sale or other transfer of the
084 stock which is made prior to the maturity of any indebtedness of
084 the registered holder thereof to the bank and of which the bank
084 has knowledge prior to the maturity, whether or not the stock was
084 transferred on the books of the bank. Any stock of a bank which
084 is pledged, sold or otherwise transferred prior to the maturity
084 of any indebtedness of the registered holder thereof to the bank
084 and of which pledge, sale or other transfer the bank has
084 knowledge prior to the maturity, may be transferred on the books

084 of the bank after the maturity without the consent of the board
084 of directors of the bank. The rights of any bank in its stock
084 under this section, including the limitation on transferability
084 if the registered holder is liable to the bank for any debt which
084 is due and unpaid, shall not be applicable with respect to any
084 stock duly listed on any stock exchange.

084

084 (4) Certificates hereafter issued shall state (a) the name and
084 location of the bank, (b) the name of the holder of record of the
084 stock represented thereby, (c) the number, par value and class of
084 shares which the certificates represent, (d) if the bank issues
084 stock of more than 1 class, the respective rights, preferences,
084 privileges, voting rights, powers, restrictions, limitations and
084 qualifications of each class of stock issued shall be stated in
084 full or in summary upon the front or back of the certificates or
084 shall be incorporated by a reference to the articles of
084 incorporation set forth on the front of the certificates and (e)
084 if the stock is not listed, that no transfer thereof shall be
084 valid against the bank so long as the registered holder is liable
084 as principal debtor, surety or otherwise to the bank, except with
084 the approval of the board of directors or except as otherwise
084 provided in this act. Every certificate hereafter issued shall be
084 signed by the president or vice president and cashier or
084 assistant cashier of the bank or by such other officers as the
084 bylaws of the bank shall provide and shall be sealed with the
084 seal of the bank.

084

084 (5) Notwithstanding any law to the contrary, where any share
084 certificate is signed by a transfer agent or by a transfer agent

084 and a registrar, the signature of any officers of the bank
084 required thereon or the seal of the bank may be a facsimile. If
084 any officer who has signed share certificates or whose facsimile
084 signature has been used thereon ceases to be such officer,
084 whether because of death, resignation or otherwise, before the
084 certificate has been delivered by the bank, the certificate
084 nevertheless, may, be adopted by the bank and delivered as though
084 the person who signed it or whose facsimile signature has been
084 used thereon had not ceased to be such officer.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.379 Increase in capital stock; validity; certificate as
067 evidence; fixing value and price of new stock; authorization to
067 sell capital stock.

067

084 Sec. 79. (1) With the approval of the commissioner, and by a
084 vote of shareholders owning $\frac{2}{3}$ of each class of the stock
084 entitled to vote, a bank may increase its capital stock to any
084 sum approved by the commissioner, either by an increase in the
084 par value of the existing stock or by the issuance of new stock,
084 including preferred stock. An increase in capital shall not be
084 valid until the whole amount of the increase is paid in and
084 notice thereof, duly acknowledged before a notary public by the
084 president, vice president, cashier, or assistant cashier of the
084 bank, has been transmitted to the commissioner and his or her
084 certificate obtained specifying the amount of the increase in
084 capital stock and that it has been duly paid in as a part of the
084 capital of the bank. The certificate shall be conclusive evidence

084 that the stock has been duly and validly issued. In the case of
084 the issuance of new stock, in voting upon the increase of capital
084 stock, the shareholders entitled to vote shall have power, by the
084 same statutory majority, to fix the value of, and the price at
084 which the increase of the capital stock shall be subscribed and
084 paid for by the shareholders, but not less than par, as well as
084 the time and manner of the subscription and payment, and to
084 authorize the directors to sell the capital stock.

084

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

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1985, Act
078 177, Imd. Eff. Dec. 6, 1985.

067

067 487.381 Capital stock; reduction; procedure.

067

084 Sec. 81. (1) By a vote of shareholders owning 2/3 of the stock
084 entitled to vote of such bank, a bank may reduce its capital
084 stock to an amount not less than that required by this act to

084 authorize the formation of such a bank. The reduction may be
084 accomplished by a reduction in the par value of the existing
084 stock or by a reduction in the number of the shares of such
084 stock. A reduction shall not be made until the amount of the
084 proposed reduction has been reported to the commissioner and has
084 been approved by him.

084

084 (2) The approval of the commissioner shall be based upon a
084 finding by him that the security of existing creditors of the
084 bank will not be impaired by the proposed reduction. Nothing
084 herein contained shall operate in any way to discharge any bank
084 which may decrease its capital stock from any obligation or
084 demand that may be due from the bank.

084

084 (3) Retirement of preferred stock in accordance with the
084 provisions of the articles of incorporation shall not be deemed
084 to be a reduction of capital under the provisions of this
084 section.

084

084 (4) A shareholder shall not be entitled to any distribution of
084 cash or other assets by reason of any reduction of the common
084 capital of any bank unless the distribution has been approved by
084 the commissioner and by the affirmative vote of at least 2/3 of
084 the shares of each class of stock outstanding, voting as classes.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.385 Payment of dividends; restrictions.

067

084 Sec. 85. (1) From time to time, the board of directors of a
084 bank may declare and pay dividends on the common stock of the
084 bank subject to the following restrictions:

084

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

084

084 (b) A cash dividend or dividend in kind shall not be declared
084 by any bank except out of net profits then on hand after
084 deducting therefrom its losses and bad debts. All debts due the
084 bank on which interest is past due and unpaid for a period of 6
084 months, unless the debts are well secured and in process of
084 collection or the debts constitute claims against solvent estates
084 in probate, shall be considered bad debts within the meaning of
084 this section.

084

084 (c) A cash dividend or dividend in kind shall not be declared
084 or paid until the cumulative dividends on preferred stock, if
084 any, have been paid in full.

084

084 (d) If at any time the surplus of a bank is less than the
084 amount of its capital, before the declaration of a cash dividend
084 or dividend in kind, it shall transfer to surplus not less than
084 10% of its net profits of the preceding half-year in the case of
084 quarterly or semiannual dividends, or not less than 10% of its
084 net profits of the preceding 2 consecutive half-year periods in
084 the case of annual dividends. For the purpose of this section,
084 any amounts transferred to a reserve account for the retirement

084 of any preferred stock of any bank out of its net profits for
084 such periods shall be deemed to be additions to its surplus, if,
084 upon the retirement of the preferred stock, the amounts so
084 credited into the retirement reserve may then properly be carried
084 to surplus. In any such case the bank shall be obligated to
084 credit to surplus the amounts transferred into the retirement
084 reserve on account of the preferred stock as such stock is
084 retired.

084

084 (e) For the purpose of this section the term "net profits"
084 means the remainder of all earnings from operations plus actual
084 recoveries on loans and investments and other assets, after
084 deducting from the total thereof all operating expenses, actual
084 losses, accrued dividends on preferred stock, if any, and all
084 taxes.

084

084 (f) Without regard to the foregoing limitations of this
084 section, any bank, with the approval of the commissioner, and by
084 vote of shareholders owning 2/3 of the stock entitled to vote,
084 may increase its capital stock by declaration of a stock dividend
084 on such capital stock. After the increase the surplus of the bank
084 shall be at least equal to 20% of the capital stock as increased.
084 No such increase shall be effective until a certificate of such
084 declaration of dividend, signed by the president, vice president,
084 cashier or assistant cashier of the bank and duly acknowledged
084 before a notary public, shall have been transmitted to the
084 commissioner and his certificate obtained specifying the amount
084 of the increase of capital stock by stock dividend and his
084 approval thereof.

084

084 (2) Any bank may pay dividends on its preferred stock at such
084 rate as may be applicable without regard to any of the
084 limitations of this section.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.391 Shareholders' meetings; voting rights; fiduciaries;
067 pledges.

067

084 Sec. 91. (1) The annual meeting of the shareholders of every
084 bank shall be held on the day in each year that is provided in
084 the bylaws of the bank. Special meetings of shareholders shall be
084 called and held as provided in the bylaws of the bank.

084

084 (2) At any meeting, each shareholder entitled to vote shall be
084 entitled to 1 vote for each share held by the shareholder. A
084 shareholder may vote at any meeting of the bank by proxy in
084 writing signed by the shareholder.

084

084 (3) A bank may provide in the initial articles of incorporation
084 or by amendment to the articles by a vote of shareholders owning
084 a majority of the total number of shares of each class of its
084 outstanding capital stock, that in an election of directors each
084 shareholder may cast as many votes as the number of shares owned
084 by the shareholder multiplied by the number of directors to be
084 elected. In the shareholder's discretion, the shareholder may
084 distribute their total number of votes cumulatively for 1 or more
084 of the candidates.

084

084 (4) A person holding shares of the capital stock of a bank in a
084 fiduciary capacity shall be entitled to vote the shares unless
084 the trust instrument contains a provision to the contrary. A
084 person whose shares are pledged shall be entitled to vote unless
084 in the transfer by the pledgor on the books of the bank, he or
084 she has expressly empowered the pledgee to vote the shares, in
084 which case only the pledgee or his or her proxy may vote the
084 shares.

084

084 (5) A shareholder shall not vote his or her stock except in
084 person or by proxy. This prohibition does not apply to a voting
084 trust agreement of shareholders with respect to the voting of
084 stock, if the agreement has been approved by the commissioner.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1996, Act
078 288, Imd. Eff. June 17, 1996.

067

067 487.393 Shareholders' meetings called by commissioner; notice.

067

084 Sec. 93. The commissioner, whenever he deems it expedient, may
084 call a meeting of the shareholders of any bank, for any purpose,
084 by giving a notice of the time, place and purposes thereof at
084 least 3 days prior to said meeting to the shareholders either by
084 personal service, by registered or certified mail sent to their
084 last known addresses as shown by the books of the bank or by
084 publication thereof at least once in each week for 4 consecutive
084 weeks prior to the meeting.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.394 Stock ledger contents; transfer agent; registrar of
067 shares; commissioners' demand for list of shareholders.

067

084 Sec. 94. (1) Each bank shall keep and maintain a stock ledger
084 in which shall be correctly entered the name and address of each
084 shareholder of the bank, the number of shares held by each, the
084 date when such shareholder acquired the shares and the name of
084 the transferor. In lieu of the foregoing requirements the board
084 of directors of any bank may designate any corporation authorized
084 by law to act as transfer agent or registrar of shares of
084 corporations, to act as transfer agent or transfer agent and
084 registrar of the shares of the bank; but the same corporation
084 shall not be designated to act in both capacities at the same
084 time.

084

084 (2) Within 2 calendar weeks of any demand therefor made by the
084 commissioner, a bank shall file with the commissioner a list
084 containing the name and address of each shareholder of the bank
084 together with the number of shares held by each according to its
084 records as of the close of business on the date of issuance of
084 the demand. Within 2 calendar weeks of any demand therefor made
084 for proper cause by any shareholder being the record owner of at
084 least 5% of the issued shares of the bank or on the demand for
084 proper cause of any person representing any group who are the
084 record owners of at least 5% of the issued shares of the bank,
084 the bank shall prepare and furnish the requestor a list
084 containing the name and address of each shareholder of the bank

084 together with the number of shares held by each according to its
084 records as of the close of business on the date of receipt of
084 such demand.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.396 Board of directors; number; election; vacancies;
067 meetings; minutes; meeting called by commissioner; notice.

067

084 Sec. 96. (1) A bank shall be managed by a board of not less
084 than 5 nor more than 25 directors. The first board shall be
084 elected by the incorporators at a meeting held before the bank is
084 authorized to commence business and thereafter at the annual
084 meeting of the shareholders or at any subsequent meeting called
084 for the purpose of which notice is given as provided in the
084 bylaws of the bank. The board of directors may fill any vacancy
084 on the board for the current year. The shareholders may elect not
084 to exceed 2 less than the full board and the unfilled
084 directorships are considered vacancies and may be filled by the
084 board of directors. Directors shall hold office until their
084 successors are elected and have qualified.

084

084 (2) The board of directors shall meet not less than 6 times per
084 fiscal year for the purpose of carrying out their duties under
084 this section. The minutes of each meeting shall be kept and
084 signed by the presiding officer and the secretary of the meeting.
084 A majority of the board of directors constitutes a quorum for the
084 transaction of business.

084

084 (3) The commissioner may call a meeting of the board of
084 directors of any bank, for any purpose, by giving a notice of the
084 time, place, and purpose of the meeting at least 3 days prior to
084 the meeting date to the directors by personal service, by
084 registered or certified mail, or by publication at least once in
084 each week for 4 consecutive weeks prior to the meeting date.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1995, Act
078 202, Imd. Eff. Nov. 29, 1995.

067

067 487.397 Directors; oath; filing.

067

084 Sec. 97. Every director when elected or appointed shall take
084 and subscribe an oath that he will diligently and honestly
084 perform his duties in such office and will not knowingly violate,
084 or permit to be violated, any provisions of this act. The oath
084 shall be transmitted to the commissioner for filing.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.399 Directors; purchase from or sales to; disclosure.

067

084 Sec. 99. (1) A bank may contract for, or purchase from, any of
084 its directors, or from any firm of which any of its directors is
084 a member, any securities or other property, only when such
084 purchase is made in the regular course of business upon terms not
084 less favorable to the bank than those offered by others, or when
084 such purchase is authorized by a majority of the board of
084 directors not interested in the sale of such securities or

084 property, which authority shall be evidenced by the affirmative
084 vote or written assent of such directors. When any director, or
084 firm of which any director is a member, acting for or on behalf
084 of others, sells securities or other property to a bank, the
084 commissioner by rule may require a full disclosure to be made, in
084 any or all cases, on forms prescribed by him, of all commissions
084 or other considerations received. Whenever a director or firm,
084 acting in his or its own behalf, sells securities or other
084 property to the bank, the commissioner, by rule, may require a
084 full disclosure of all profits realized from such sale.

084

084 (2) A bank may sell securities or other property to any of its
084 directors, or to a firm of which any of its directors is a
084 member, in the regular course of business on terms not more
084 favorable to the director or firm than those offered to others,
084 when the sale is authorized by a majority of the board of
084 directors of a bank evidenced by their affirmative vote or
084 written assent. Nothing in this section shall be construed as
084 authorizing banks to purchase or sell securities or other
084 property which banks are not otherwise authorized by law to
084 purchase or sell.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.400 Director or officer; discharge of duties; liability of
067 director; action against director or officer; limitations.

067

084 Sec. 100. (1) A director or an officer of a bank shall
084 discharge the duties of his or her position in good faith and

084 with that degree of diligence, care, and skill which an
084 ordinarily prudent person would exercise under similar
084 circumstances in a like position. In discharging his or her
084 duties, a director or an officer, when acting in good faith, may
084 rely upon the opinion of legal counsel for the bank, upon the
084 report of an independent appraiser selected with reasonable care
084 by the board or by an officer of the bank, or upon financial
084 statements of the bank represented to him or her to be correct by
084 the president or the officer of the bank having charge of its
084 books of account, or as stated in a written report by an
084 independent public or certified public accountant or firm of
084 accountants fairly to reflect the financial condition of the
084 bank.

084

084 (2) The articles of incorporation of a bank may contain a
084 provision providing that a director is not personally liable to
084 the bank or its shareholders for monetary damages for a breach of
084 the director's fiduciary duty. However, the provision does not
084 eliminate or limit the liability of a director for any of the
084 following:

084

084 (a) A breach of the director's duty of loyalty to the bank or
084 its shareholders.

084

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

084

084 (c) A violation of section 43.

084

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

084

084 (e) An act or omission occurring before January 1, 1987.

084

084 (3) An action against a director or officer for failure to
084 perform the duties imposed by this section shall be commenced
084 within 3 years after the cause of action has accrued, or within 2
084 years after the time when the cause of action is discovered, or
084 should reasonably have been discovered, by the complainant,
084 whichever occurs first.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.401 Indemnification generally.

067

084 Sec. 101. (1) A bank may indemnify any person who was or is a
084 party or is threatened to be made a party to a threatened,
084 pending, or completed action, suit, or proceeding, whether civil,
084 criminal, administrative, or investigative and whether formal or
084 informal, other than an action by or in the right of the bank, or
084 by reason of the fact that he or she is or was a director,
084 officer, employee, or agent of the bank or is or was serving at
084 the request of the bank as a director, officer, partner, trustee,
084 employee, or agent of another bank or national banking
084 association, foreign or domestic corporation, partnership, joint
084 venture, trust, or other enterprise, whether for profit or not,
084 against expenses, including attorneys' fees, judgments,
084 penalties, fines, and amounts paid in settlement actually and

084 reasonably incurred by him or her in connection with the action,
084 suit, or proceeding if the person acted in good faith and in a
084 manner he or she reasonably believed to be in or not opposed to
084 the best interests of the bank or its shareholders, and with
084 respect to any criminal action or proceeding, if the person had
084 no reasonable cause to believe his or her conduct was unlawful.

084 The termination of any action, suit, or proceeding by judgment,
084 order, settlement, or conviction, or upon a plea of nolo
084 contendere or its equivalent, does not, of itself, create a
084 presumption that the person did not act in good faith and in a
084 manner that he or she reasonably believed to be in or not opposed
084 to the best interests of the bank or its shareholders, and with
084 respect to a criminal action or proceeding, had reasonable cause
084 to believe that his or her conduct was unlawful.

084

084 (2) A bank may indemnify a person who was or is a party to or
084 is threatened to be made a party to any threatened, pending, or
084 completed action or suit by or in the right of the bank to
084 procure a judgment in its favor by reason of the fact that he or
084 she is or was a director, officer, employee, or agent of the bank
084 or is or was serving at the request of the bank as a director,
084 officer, partner, trustee, employee, or agent of another bank or
084 national banking association, foreign or domestic corporation,
084 partnership, joint venture, trust, or other enterprise, whether
084 for profit or not, against expenses, including actual and
084 reasonable attorneys' fees and amounts paid in settlement
084 incurred by the person in connection with the action or suit if
084 the person acted in good faith and in a manner the person
084 reasonably believed to be in or not opposed to the best interests

084 of the bank or its shareholders. However, indemnification shall
084 not be made for a claim, issue, or matter in which the person has
084 been found liable to the bank unless and only to the extent that
084 the court in which the action or suit was brought has determined
084 upon application that, despite the adjudication of liability but
084 in view of all circumstances of the case, the person is fairly
084 and reasonably entitled to indemnification for the expenses which
084 the court considers proper.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1988, Act
078 311, Eff. Jan. 1, 1989.

067

067 487.402 Indemnification against expenses; determination as to
067 propriety of indemnification under S 487.401; indemnification
067 for portion of expenses.

067

084 Sec. 102. (1) To the extent that a director, officer, employee,
084 or agent of a bank has been successful on the merits or otherwise
084 in defense of an action, suit, or proceeding described in section
084 101, or in defense of any claim, issue, or matter in the action,
084 suit, or proceeding, he or she shall be indemnified against
084 expenses, including actual and reasonable attorneys' fees,
084 incurred by him or her in connection with the action, suit, or
084 proceeding and an action, suit, or proceeding brought to enforce
084 the mandatory indemnification provided in this subsection.

084

084 (2) An indemnification under section 101, unless ordered by a
084 court, shall be made by the bank only as authorized in the
084 specific case upon a determination that indemnification of the

084 director, officer, employee, or agent is proper in the
084 circumstances because he or she has met the applicable standard
084 of conduct set forth in section 101. This determination shall be
084 made in any of the following ways:

084

084 (a) By a majority vote of a quorum of the board consisting of
084 directors who were not parties to the action, suit, or
084 proceeding.

084

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

084

084 (c) By independent legal counsel in a written opinion.

084

084 (d) By the shareholders.

084

084 (3) If a person is entitled to indemnification under section
084 101 for a portion of expenses, including attorneys' fees,
084 judgments, penalties, fines, and amounts paid in settlement, but
084 not for the total amount of the expenses, the bank may indemnify
084 the person for the portion of the expenses, judgments, penalties,
084 fines, or amounts paid in settlement for which the person is
084 entitled to be indemnified.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.403 Advancement of expenses; undertaking.

067

084 Sec. 103. Expenses incurred in defending a civil or criminal
084 action, suit, or proceeding described in section 101 may be paid
084 by the bank in advance of the final disposition of the action,
084 suit, or proceeding upon receipt of an undertaking by or on
084 behalf of the director, officer, employee, or agent to repay the
084 expenses if it is ultimately determined that the person is not
084 entitled to be indemnified by the bank. The undertaking shall be
084 by unlimited general obligation of the person on whose behalf
084 advances are made but need not be secured.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.404 Indemnification or advancement of expenses not exclusive
067 of other rights; limitation; continuation of indemnification.

067

084 Sec. 104. The indemnification or advancement of expenses
084 provided by or granted under sections 101 to 103 is not exclusive
084 of other rights to which a person seeking indemnification or
084 advancement of expenses may be entitled under the articles of
084 incorporation, the bylaws, or a contractual agreement. However,
084 the total amount of expenses advanced or indemnified from all
084 sources combined shall not exceed the amount of actual expenses
084 incurred by the person seeking indemnification or advancement of
084 expenses. The indemnification provided for in sections 101 to 103
084 continues as to a person who ceases to be a director, officer,
084 employee, or agent and shall inure to the benefit of the heirs,
084 executors, and administrators of the person.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.404a Insurance, trust fund, or other form of funded
067 arrangement against liability.

067

084 Sec. 104a. A bank has the power to purchase and maintain
084 insurance, including insurance issued by an affiliated insurer
084 and insurance for which premiums may be adjusted retroactively,
084 in whole or in part, based upon claims experience, or similar
084 arrangements. A bank may also create a trust fund or other form
084 of funded arrangement on behalf of any person who is or was a
084 director, officer, employee, or agent of the bank or is or was
084 serving at the request of the bank as a director, officer,
084 partner, trustee, employee, or agent of another foreign or
084 domestic corporation, partnership, joint venture, trust, or other
084 enterprise, whether for profit or not, against any liability
084 asserted against him or her and incurred by him or her in any
084 capacity or arising out of his or her status in that capacity,
084 whether or not the bank has the power to indemnify him or her
084 against the liability under sections 101 to 104.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.404b "Bank" defined for purposes of SS 487.400 to 487.404c.

067

084 Sec. 104b. For purposes of sections 100 to 104c, "bank"
084 includes all banks, out-of-state banks, national banks,
084 associations, and savings banks absorbed in a consolidation or
084 merger and the consolidated bank, so that a person who is or was

084 a director, officer, employee, or agent of the bank, out-of-state
084 bank, national bank, association, or saving bank or is or was
084 serving at the request of the bank, out-of-state bank, national
084 bank, association, or saving bank as a director, officer,
084 partner, trustee, employee, or agent of another bank,
084 out-of-state bank, national bank, association, or saving bank,
084 foreign or domestic corporation, partnership, joint venture,
084 trust, or other enterprise, whether for profit or not, shall hold
084 the same position with respect to the consolidated bank as he or
084 she would if he or she had served the consolidated bank in that
084 capacity.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989;--Am. 1995, Act
078 202, Imd. Eff. Nov. 29, 1995.

067

067 487.404c "Other enterprise" and "serving at the request of the
067 bank" defined for purposes of SS 487.401 to 487.404b.

067

084 Sec. 104c. For the purposes of sections 101 to 104b, "other
084 enterprise" shall include employee benefit plans; "fines" shall
084 include any excise taxes assessed on a person with respect to an
084 employee benefit plan; and "serving at the request of the bank"
084 shall include any service as a director, officer, employee, or
084 agent of the bank which imposes duties on, or involves services
084 by, the director, officer, employee, or agent with respect to an
084 employee benefit plan, its participants or beneficiaries; and a
084 person who acted in good faith and in a manner he or she
084 reasonably believed to be in the interest of the participants and
084 beneficiaries of an employee benefit plan shall be considered to

084 have acted in a manner not opposed to the best interests of the
084 bank or its shareholders as referred to in section 101.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.405 Amending articles of incorporation.

067

084 Sec. 105. (1) With the approval of the commissioner, and by
084 vote of shareholders owning a majority of voting shares of the
084 bank, a bank may amend its articles of incorporation in any
084 manner not inconsistent with the provisions of this act. An
084 amendment shall be operative when certified copies thereof, in
084 such form as the commissioner may require, signed in the name of
084 the bank by the president or a vice-president and the cashier or
084 an assistant cashier, and acknowledged before a notary public by
084 the president or vice-president signing the same, have been
084 submitted to the commissioner and have been approved and filed by
084 the commissioner as in the case of original articles of
084 incorporation.

084

084 (2) Notwithstanding subsection (1), an amendment that provides
084 solely for a change in the name of the bank is not subject to the
084 approval of the commissioner and shall be effective on the date
084 it is filed with the commissioner or at a later date specified in
084 the amendment.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1985, Act
078 177, Imd. Eff. Dec. 6, 1985.

067

067 487.411 Voluntary liquidation; certificate of termination;
067 examination; notice.

067

084 Sec. 111. (1) A solvent bank may go into liquidation and be
084 closed upon expiration of its corporate charter or by the vote of
084 its shareholders owning 2/3 of its stock entitled to vote. In the
084 event of such termination, the last board of directors
084 immediately upon expiration of its corporate charter or adoption
084 of the resolution by the shareholders shall notify the
084 commissioner of such action by filing with him in quadruplicate a
084 certificate of termination signed by a majority of the remaining
084 members of the board of directors, which certificate shall be in
084 such form as the commissioner may prescribe.

084

084 (2) The shareholders shall designate 1 or more persons to act
084 as a liquidating agent or committee and the agent or committee
084 shall conduct the liquidation in accordance with law and under
084 the supervision of the commissioner and the board of directors.
084 The agent or committee shall furnish to the bank a bond
084 satisfactory to the commissioner in form and amount. The
084 liquidating agent or committee shall render to the commissioner
084 reports in such form and at such times as he may require. The
084 liquidating agent or committee shall make periodic reports not
084 less frequently than annually to the shareholders. At any
084 lawfully convened meeting, by vote of the majority of the stock
084 entitled to vote, the shareholders may remove the liquidating
084 agent or committee and appoint a new agent or a new committee.

084

084 (3) The commissioner may examine into the affairs of the bank

084 so liquidating at any time for the purpose of determining that
084 the rights of the depositors and creditors are being properly
084 served. The expenses of the examination shall be paid by the bank
084 but shall not exceed \$100.00 per day for each examiner and actual
084 expenses incurred while making the examination, to be credited to
084 the general fund.

084

084 (4) The liquidating agent or committee shall publish a notice
084 once each week for 8 consecutive weeks informing depositors and
084 creditors to present their claims against the bank for payment
084 and proof of the publication shall be made to the commissioner by
084 the liquidating agent or committee. The provisions of this
084 section with respect to publication of notice shall not apply to
084 any bank in voluntary liquidation which disposes of sufficient of
084 its assets to a state or national bank to pay its depositors and
084 creditors in full or if all of its liabilities are assumed by
084 such state or national bank.

084

084 (5) When the commissioner finds that a liquidation has been
084 completed in conformity to law and when all fees and charges have
084 been paid as required by law, he shall file 1 copy of the
084 certificate of termination in the office of the bureau and shall
084 certify and forward by mail 1 copy to the corporation division,
084 department of treasury, 1 copy to the county clerk in the county
084 in which the bank is located and 1 copy to the liquidating agent
084 or committee, and the existence of the bank shall thereupon
084 cease, subject to the provisions of section 113.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.413 Voluntary liquidation; extension of body corporate life;

067 actions, suits, or proceedings; effect.

067

084 Sec. 113. (1) A bank which commences voluntary liquidation

084 proceedings as provided in section 111 shall continue to be a

084 body corporate for the further term of 3 years from the

084 commencement of the proceedings for the purpose of prosecuting

084 and defending actions for or against it and of enabling it

084 gradually to settle and close its affairs; to dispose of and

084 convey its property; and to divide its assets; but not for the

084 purpose of continuing the business for which it was organized.

084

084 (2) With respect to any action, suit or proceeding begun or

084 commenced by or against the bank prior to the commencement of

084 voluntary liquidation proceedings, and with respect to any

084 action, suit or proceeding begun or commenced by the bank within

084 3 years after the commencement of voluntary liquidation

084 proceedings, the bank shall be continued as a body corporate

084 beyond the 3-year period and until any judgments, orders or

084 decrees therein are fully executed.

084

084 (3) Whenever the number of directors of a bank which has

084 commenced voluntary liquidation proceedings is less than the full

084 number of directors required or authorized by statute or by the

084 bylaws of the bank for any reason, a majority of the remaining

084 surviving directors or the sole surviving director, during the

084 period of 3 years, shall possess the same powers in acting for

084 the bank under this section as the duly authorized board of

084 directors of the bank possessed before the commencement of
084 voluntary liquidation proceedings or during the term of 3 years.

084

084 (4) A bank in liquidation under the laws of this state may
084 continue to be a body corporate for further terms upon
084 application to the commissioner, which extensions shall be from
084 year to year at the discretion of the commissioner until the
084 liquidation is completed.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.415 Corporate term; extension prior to expiration.

067

084 Sec. 115. A bank whose term will expire by limitation, at any
084 time preceding the expiration of such term, by amendment of its
084 articles, may extend its corporate term for a limited period of
084 time or in perpetuity.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.416 Corporate term; renewal after expiration.

067

084 Sec. 116. A bank whose term has expired, but which has not been
084 wound up or dissolved and which has nevertheless inadvertently
084 continued its active business beyond such term, may renew its
084 corporate existence by amendment of its articles with the consent
084 of the holders of at least 4/5 of its capital stock. The officers
084 and directors de facto shall do and perform all things required
084 of officers and directors de jure as respects calling a special

084 meeting of the shareholders and submitting to them the question
084 of renewing the corporate existence. No bank de facto shall be
084 permitted to renew its corporate life unless the action is taken
084 within 3 years after its term has expired and renewal shall not
084 relieve the bank from any penalties that may have accrued against
084 it under any law of this state.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.418 Effect of extension or renewal.

067

084 Sec. 118. A bank whose term has been extended or renewed shall
084 be the same bank and shall have the same shareholders, directors
084 and officers, shall have and enjoy all the rights, privileges,
084 immunities and powers and be subject to all the liabilities which
084 it respectively possessed and was subject to before the extension
084 or renewal of its existence.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.421 Sale of assets; purchase of assets and assumption of
067 liabilities; consideration; prohibited purchase or sale; filing
067 certified copies of proceedings.

067

084 Sec. 121. (1) With the approval of the commissioner based upon
084 an examination or other appropriate analysis of either the buying
084 or selling organization, or both, and upon the affirmative vote
084 of a majority of the members of its board of directors and of the
084 holders of 2/3 of its stock entitled to vote, a bank may do

084 either or both of the following:

084

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

084

084 (b) Purchase all or substantially all of the assets of every
084 kind, character, and description, including, but not limited to,
084 its goodwill and corporate franchises, and assume the liabilities
084 of any bank, out-of-state bank, national bank, association, or
084 savings bank.

084

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

084

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

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1987, Act
078 104, Imd. Eff. July 7, 1987;--Am. 1995, Act 202, Imd. Eff.
078 Nov. 29, 1995.

067

067 487.422 Sale or purchase of branches by bank.

067

084 Sec. 122. (1) A bank may sell 1 or more of its branches,
084 without selling all or substantially all of the bank, to a bank,
084 out-of-state bank, national bank, association, or savings bank
084 located in a state whose laws would permit a bank to purchase 1
084 or more branches in that state of the purchasing depository
084 institution.

084

084 (2) A bank may purchase 1 or more branches, without purchasing
084 all or substantially all of the depository institution, from a
084 bank, out-of-state bank, national bank, association, or savings
084 bank.

084

084 (3) A bank that purchases 1 or more branches under
084 subsection (2) shall provide notice to the commissioner under
084 section 171 before operating the purchased branch or branches.

084

078 History: Add. 1995, Act 202, Imd. Eff. Nov. 29, 1995;--Am.
078 1996, Act 405, Imd. Eff. Oct. 21, 1996.

067

067 487.423 Actions and events occurring on or before November 29,
067 1995; effect of written agreement.

067

084 Sec. 123. A written agreement entered into under former
084 section 130b shall remain in effect with regard to actions taken
084 and events occurring on or before November 29, 1995. A cause of
084 action shall not accrue under such an agreement for an action
084 taken or event occurring after November 29, 1995.

084

078 History: Add. 1996, Act 405, Imd. Eff. Oct. 21, 1996.

067

067 487.424 Amount or share of deposit held or controlled by bank;
067 limitation prohibited.

067

084 Sec. 124. Notwithstanding the Riegle-Neal interstate banking
084 and branching efficiency act of 1994, Public Law 103-328, 108
084 Stat. 2338, to the contrary, there shall be no limit upon the
084 amount or share of deposits held or controlled in this state by
084 any bank, out-of-state bank, national bank, or bank holding
084 company on a consolidated basis.

084

078 History: Add. 1995, Act 202, Imd. Eff. Nov. 29, 1995.

067

067 487.425 Consolidation; approval; examination; prohibition;
067 submission of agreement; meeting; notice; vote; filing of
067 agreement; evidence of agreement and act of consolidation;
067 issuance of stock.

067

084 Sec. 125. (1) Subject to approval by the commissioner, a bank
084 may consolidate with any number of consolidating organizations to
084 form a consolidated bank.

084

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

084

084 (3) A majority of the directors of each organization proposing
084 to consolidate may enter into an agreement, signed by them, or by
084 their designated representative or representatives, and under the
084 seals of the respective organizations, prescribing the terms and
084 conditions of consolidation, the mode of carrying the
084 consolidation into effect, and stating other facts required or
084 permitted by the provisions of this act and any laws of the
084 United States that are to be set out in the articles, as can be
084 stated in the case of a consolidation, to be stated in such
084 altered form as the circumstances of the case require, as well as
084 the manner of converting the shares of each of the consolidating
084 organizations, into shares of the consolidated organization, with
084 other details and provisions as are considered necessary.

084

084 (4) The proposed consolidation agreement shall be submitted to
084 the shareholders of each consolidating organization, at a
084 separate meeting called by the directors for the sole purpose of
084 considering the agreement. A notice indicating the time, place,
084 and purpose of the meeting shall be given by publication at least
084 once a week for 4 consecutive weeks preceding the date of the
084 meeting. A copy of the notice shall also be mailed to each
084 shareholder of each consolidating organization at his or her last
084 known address as appears from the stock records of the
084 consolidating organizations, by registered or certified mail, at
084 least 10 days prior to the date of the meeting. No notice by
084 publication or otherwise shall be required if it is waived. At
084 the meeting, the proposed consolidating agreement shall be
084 considered and a vote by ballot, in person or by proxy, taken for

084 the adoption or rejection of the agreement. At the meeting, each
084 share of stock shall entitle the holder to 1 vote. If the votes
084 of shareholders of each consolidating organization representing
084 2/3 of the total number of shares of each class of each
084 consolidating organization's outstanding capital stock are cast
084 for the adoption of the agreement, that fact shall be certified
084 on the agreement by the cashier or assistant cashier, secretary
084 or assistant secretary of each of the consolidating
084 organizations. If the agreement is adopted and certified, it
084 shall be acknowledged by the president or a vice-president of
084 each of the consolidating organizations, before any officer
084 authorized to take acknowledgment of deeds, to be the respective
084 act, deed, and agreement of each of the consolidating
084 organizations. If an out-of-state bank, national bank,
084 association, or savings bank is a consolidating organization and
084 approval is required by the laws of another state or of the
084 United States, that organization shall furnish a certified copy
084 of consent or approval of the appropriate state or federal
084 regulator of the consolidation to the commissioner. The
084 consolidation agreement required by this section shall be filed
084 with the commissioner who shall certify upon the agreement the
084 date it was filed. The filing with the commissioner shall be the
084 act of consolidation of the consolidating organizations. The
084 consolidation agreement or a copy certified by the commissioner,
084 is evidence of the agreement and act of consolidation of the
084 consolidating organizations and the observance and performance of
084 all necessary acts and conditions precedent to the consolidation.
084 A bank holding company that is the sole shareholder of all of the
084 outstanding issued stock of a bank, out-of-state bank, or

084 national bank that is a consolidating organization in a proposed
084 consolidation may waive the shareholder meeting requirement of
084 this subsection.

084

084 (5) In effecting a consolidation, stock of the consolidated
084 bank may be issued in accordance with this act and as provided by
084 the terms of the consolidation agreement free from any preemptive
084 rights of the shareholders of the respective consolidating
084 organizations.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1987, Act
078 104, Imd. Eff. July 7, 1987;--Am. 1995, Act 202, Imd. Eff.
078 Nov. 29, 1995.

130

130 ***** 487.425a SUBSECTION (1)(a) DOES NOT APPLY AFTER MAY 31,

130 1997: See subsection (2) of 487.425a *****

067

067 487.425a Formation of consolidated organization; conditions;
067 applicability of subsection (1)(a).

067

084 Sec. 125a. (1) A bank may consolidate with any number of
084 consolidating organizations to form a consolidated organization
084 in accordance with the laws under which the consolidated
084 organization is chartered, if the following apply:

084

084 (a) Consolidation is permitted by the laws under which each
084 consolidating organization is organized and the appropriate
084 regulator or regulators approve the consolidation.

084

084 (b) The consolidating organizations provide notice to the
084 commissioner by filing a copy of the application for
084 consolidation within 10 days after the date the application is
084 filed with the appropriate federal regulator.

084

084 (c) The consolidated organization complies with section 126(4)
084 with respect to notice of consolidation, but that notice is
084 limited to a court, public tribunal, agency, or officer of this
084 state.

084

084 (2) Subsection (1)(a) does not apply after May 31, 1997.

084

078 History: Add. 1995, Act 202, Imd. Eff. Nov. 29, 1995.

067

067 487.426 Consolidation; effect on rights, property, and
067 liabilities.

067

084 Sec. 126. (1) When filing and approval of the consolidation
084 agreement as required by section 125 have been completed, the
084 corporate existence of each consolidating organization is merged
084 into and continued in the consolidated bank. To the extent
084 authorized by this act, the consolidating bank possesses all the
084 rights, interests, privileges, powers, and franchises and is
084 subject to all the restrictions, disabilities, liabilities, and
084 duties of each of the consolidating organizations. The title to
084 all property, real, personal, and mixed, is transferred to the
084 consolidated bank, and shall not revert or be in any way impaired
084 by reason of this act.

084

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

084

084 (3) A consolidated bank shall file with each court or other
084 public tribunal, agency, or officer in any state by which any of
084 the consolidating organizations shall have been appointed in the
084 capacity of fiduciary or agent, and in the court file of each
084 estate, suit, or any other proceeding in which any of them has
084 been acting, an affidavit setting forth the fact of
084 consolidation, the name of each consolidating organization, the
084 name of the consolidated bank, the location of its main office,
084 and the amount of its capital and surplus. This subsection does
084 not require filing of an affidavit related to any consolidating
084 organization that after the consolidation retains the same
084 corporate name, charter, and main office location.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1995, Act
078 202, Imd. Eff. Nov. 29, 1995.

067

067 487.427 Consolidation; agreement; recording.

067

084 Sec. 127. A certified copy of the agreement of consolidation,
084 after filing and approval of the commissioner, shall be recorded
084 in the office of the register of deeds of each county where real
084 property owned by any of the consolidating organizations is
084 situated.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.428 Consolidation; service of process; pending actions
067 saved.

067

084 Sec. 128. (1) Whether it maintains a presence in this state, a
084 consolidated organization or any of its successors in interest
084 are subject to service of process in a proceeding in this state
084 for enforcement of any obligation incurred in this state by any
084 consolidating organization that is or was a party to a
084 consolidation.

084

084 (2) An action or proceeding by or against any of the
084 consolidating organization in a court or any other public
084 tribunal of this state may be prosecuted to judgment, as if
084 consolidation had not taken place, or the consolidated bank or
084 consolidated organization may be substituted in the place of any
084 consolidating organization whose existence has ceased.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1995, Act
078 202, Imd. Eff. Nov. 29, 1995.

067

067 487.429 Consolidation; operation of branches; notice.

067

084 Sec. 129. (1) A bank with the commissioner's approval, an
084 out-of-state bank, or national bank that consolidates its
084 operations with, or purchases the assets or 1 or more branches
084 of, another bank, out-of-state bank, national bank, association,
084 or savings bank may operate the consolidated or acquired bank,
084 out-of-state bank, national bank, association, or savings bank
084 branch or branches located in this state as a branch or branches
084 of the consolidated or acquired bank.

084

084 (2) A bank, out-of-state bank, national bank, association, or
084 savings bank operating a branch in this state as the result of a
084 consolidation or purchase of assets or a branch or branches under
084 this act shall provide notice of that operation to the
084 commissioner within 30 days after the effective date of the
084 consolidation or purchase.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1985, Act
078 177, Imd. Eff. Dec. 6, 1985;--Am. 1987, Act 104, Imd. Eff.
078 July 7, 1987;--Am. 1988, Act 200, Eff. Aug. 1, 1988;--Am. 1995,
078 Act 202, Imd. Eff. Nov. 29, 1995.

067

067 487.430 Consolidation of new and existing banks or existing
067 associations; definitions; provisions; "consolidation" and
067 "merger" explained.

067

084 Sec. 130. (1) As used in this section:

084

084 (a) "Bank holding company" means a company as defined in the

084 bank holding company act of 1956, chapter 240, 70 Stat. 133,
084 which is not a bank or national banking association and which is
084 a bank holding company approved by the board of governors of the
084 federal reserve system pursuant to section 3(d) of the bank
084 holding company act of 1956, chapter 240, 70 Stat. 134, 12
084 U.S.C. 1842, or will become such an approved bank holding company
084 prior to or upon the completion of the consolidation provided in
084 this section.

084

084 (b) "Existing bank" means a bank engaged in the business of
084 banking prior to the consolidation provided in this section.

084

084 (c) "New bank" means a bank not engaged in the business of
084 banking prior to the consolidation provided in this section.

084

084 (d) "Existing association" means a stock association engaged in
084 the savings and loan business prior to the consolidation provided
084 in this section.

084

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

084

084 (a) Natural persons as provided in section 52 may organize and
084 incorporate as the incorporator or incorporators a new bank
084 having its principal office in the same city or village as the
084 principal office of an existing bank or existing association in
084 the manner specified in section 53, but without regard to section
084 53(2) and (3)(b), (c), (d), and (e), and section 55, if the new
084 bank is organized for the sole purpose of effecting its
084 consolidation under section 125 with an existing bank or existing

084 association having its principal office in the same city or
084 village as the new bank and if upon completion of the
084 consolidation a bank holding company becomes the owner of all of
084 the outstanding voting shares of the consolidated organization,
084 other than shares necessary to qualify directors. The new bank
084 and the existing bank may consolidate under the charter of either
084 bank. The new bank and the existing association shall consolidate
084 under the charter of the new bank and sections 125, 126, 127, and
084 128 are applicable with respect to the consolidation except that
084 the agreement of consolidation may provide that shares of either
084 or both the consolidating organizations, in lieu of being
084 converted into shares of the consolidated organization, will be
084 converted into shares or other securities of the bank holding
084 company.

084

084 (b) A shareholder of the existing bank or existing association
084 who votes against the consolidation, or who has given notice in
084 writing to that bank or association at or prior to the meeting
084 called for the purpose of considering the agreement of
084 consolidation that he or she dissents from the consolidation, is
084 entitled to receive in cash from the consolidated organization
084 the fair value of all shares held by him or her, if and when the
084 consolidation is consummated, upon written request made to the
084 consolidated organization at any time within 30 days after the
084 date of consummation of the consolidation, accompanied by the
084 surrender of his or her stock certificates. Upon the filing of
084 the written request and the surrender of stock certificates, the
084 shareholder shall cease to have any of the rights of a
084 shareholder except the right to be paid the fair value of his or

084 her shares. The request having been made shall not be withdrawn
084 except with the written consent of the consolidated organization.
084 The fair value of the shares shall be determined, as of the date
084 on which the meeting of shareholders of the existing bank or
084 existing association was held adopting the agreement of
084 consolidation, by a qualified and independent appraiser selected
084 by the commissioner upon written application filed by a
084 dissenting shareholder entitled to receive the fair value of his
084 or her shares or by the consolidated organization. The appraiser
084 selected shall file a written report of his or her appraisal with
084 the commissioner, who in turn shall forward copies to all
084 interested parties. The valuation determined by the appraiser is
084 final and binding on all parties as to the fair value of the
084 shares. The consolidated organization shall pay to each
084 dissenting shareholder entitled the fair value of his or her
084 shares within 30 days following the receipt of the written report
084 of the appraiser. The fees and expenses of the appraisal, which
084 shall be approved by the commissioner, shall be paid by the
084 consolidated organization. The agreement of consolidation shall
084 provide the manner of disposing of the shares of the existing
084 bank or existing association surrendered by the dissenting
084 shareholders.

084

084 (c) The consolidated organization, whether or not it is the new
084 bank, the existing bank, or any national bank resulting from a
084 consolidation or merger of an existing national bank, and a new
084 national bank having its principal office in the same city or
084 village as the principal office of the existing national bank
084 under the provisions of the national bank laws in a situation

084 where the new national bank was organized for the express purpose
084 of effecting its consolidation or merger with the existing
084 national bank and upon the completion of the consolidation or
084 merger a bank holding company becomes the owner of all of the
084 outstanding voting shares of the resulting consolidated national
084 bank, other than shares necessary to qualify directors, shall
084 have the right, notwithstanding any of the requirements,
084 restrictions, and limitations of section 171 or any other
084 provision of law, to retain and continue to operate or to
084 establish and operate as its principal office the principal
084 office of the existing bank, existing association, or existing
084 national bank and as its branches all branches of the existing
084 bank, existing association, or existing national bank which were
084 legally operating immediately prior to the consolidation or
084 merger, whether or not the principal office or the branch or
084 branches could, at the time the consolidation or merger becomes
084 effective, have been established or reestablished consistently
084 with the requirements, restrictions, and limitations of section
084 171, or any other provision of law.

084

084 (3) For the purposes of this section consolidation and merger
084 are interchangeable and each means and includes the consolidation
084 or merger of banks, stock associations, or national banks in any
084 manner provided by this act or by federal banking laws.

084

078 History: Add. 1972, Act 128, Imd. Eff. May 4, 1972;--Am. 1985,
078 Act 177, Imd. Eff. Dec. 6, 1985;--Am. 1987, Act 104, Imd. Eff.
078 July 7, 1987;--Am. 1988, Act 200, Eff. Aug. 1, 1988;--Am. 1995,
078 Act 202, Imd. Eff. Nov. 29, 1995.

067

067 487.430a New holding company; application for approval of terms
067 and conditions of conversion or exchange; form; contents;
067 hearing.

067

084 Sec. 130a. (1) For purposes of this section:

084

084 (a) "Consolidation agreement" means an agreement entered into
084 among an existing bank or an existing association, a new bank,
084 and a new holding company which provides both of the following:

084

084 (i) That the existing bank or existing association and the new
084 bank will be consolidated or merged.

084

084 (ii) That upon consummation of the consolidation or merger, the
084 shares of capital stock of the existing bank or existing
084 association will be converted into or exchanged for shares of the
084 capital stock or other securities of the new holding company.

084

084 (b) "Existing association" means a stock association that is a
084 party to a consolidation agreement and is engaged in the savings
084 and loan business prior to the consolidation or merger provided
084 for in the consolidation agreement.

084

084 (c) "Existing bank" means a bank or national banking
084 association that is a party to a consolidation agreement and is
084 engaged in the business of banking prior to the consolidation or
084 merger provided for in the consolidation agreement.

084

084 (d) "New bank" means a bank or national banking association
084 that is a party to a consolidation agreement and is not engaged
084 in the business of banking prior to the consummation of the
084 consolidation or merger provided for in the consolidation
084 agreement.

084

084 (e) "New holding company" means a corporation that is not a
084 bank, association, or national banking association and as to
084 which all of the following apply:

084

084 (i) The corporation is a party to a consolidation agreement.

084

084 (ii) Prior to its acquisition of an existing bank or existing
084 association pursuant to the consolidation agreement, the
084 corporation does not have control of a bank, an association, or
084 national banking association and has not transacted any business
084 except business incidental to its organization and to the
084 entering into, and performance of, the consolidation agreement.

084

084 (iii) Upon consummation of the consolidation or merger provided
084 for in the consolidation agreement, the corporation will become a
084 bank holding company as defined in section 2 of the bank holding
084 company act of 1956, 12 U.S.C. 1841.

084

084 (iv) Immediately after its acquisition of an existing bank or
084 existing association pursuant to the consolidation agreement, the
084 corporation will not have control of more than 1 bank or 1
084 national banking association.

084

084 (v) Prior to the acquisition of an existing bank or existing
084 association pursuant to the consolidation agreement, the
084 corporation is not, and immediately after acquisition of control
084 of the existing bank or existing association will not be,
084 controlled by a bank holding company as defined in section
084 2(a)(2) of the bank holding company act of 1956, 12 U.S.C. 1841.

084

084 (f) "Control" means control as defined in section 2 of the bank
084 holding company act of 1956, 12 U.S.C. 1841.

084

084 (2) A new holding company may apply to the commissioner for
084 approval of the terms and conditions of the issuance of the
084 shares or other securities of the new holding company into which
084 the shares of an existing bank or existing association are to be
084 converted, or for which the shares of the existing bank or
084 existing association are to be exchanged, pursuant to a
084 consolidation agreement, and for approval of the terms and
084 conditions of the conversion or exchange. The application for
084 approval shall be in a form, contain information, and be
084 accompanied by documents as shall be required by the
084 commissioner. Within 30 days after the application is filed, the
084 commissioner shall conduct a hearing upon the fairness of the
084 terms and conditions at which all persons to whom it is proposed
084 to issue the securities in the conversion or exchange shall have
084 the right to appear. Within 20 days after the hearing, the
084 commissioner shall either approve or disapprove the terms and
084 conditions of the issuance and of the conversion or exchange.
084 Nothing in this subsection shall be construed to require a new
084 holding company to apply for or obtain the approval of the

084 commissioner of the terms and conditions of the issuance and
084 conversion or exchange of securities provided for in a
084 consolidation agreement or to make unlawful any transaction that
084 is lawful without regard to this subsection.

084

078 History: Add. 1985, Act 177, Imd. Eff. Dec. 6, 1985;--Am. 1987,
078 Act 104, Imd. Eff. July 7, 1987.

067

067 487.430b Acquisition of ownership or control of voting shares of
067 capital stock; conditions; application; approval; powers or
067 privileges not affected or impaired; limitation; agreement;
067 assessing record of bank subsidiaries; excessive interest rate;
067 reciprocity; effective date of section.

067

084 Sec. 130b. (1) For purposes of this section:

084

084 (a) "Bank holding company" means a bank holding company as
084 defined in section 2 of the bank holding company act of 1956, 12
084 U.S.C. 1841.

084

084 (b) "Banking institution" means an entity that is, or is
084 eligible to become, an "insured bank" as defined in section 3 of
084 the federal deposit insurance act, 12 U.S.C. 1813.

084

084 (c) "Consumer loan" means credit offered or extended by a
084 lender primarily for personal, family, or household purposes,
084 except for a loan, mortgage, or advance secured by a first lien
084 on residential real property or by a first lien on a mobile home.

084

084 (d) "Lender" means a banking institution or a subsidiary of a
084 bank holding company.

084

084 (e) "Michigan banking institution" means a banking institution
084 whose principal place of business is located in this state and is
084 incorporated under this act or former Act No. 341 of the Public
084 Acts of 1937, and a national banking association whose principal
084 place of business is located in this state.

084

084 (f) "Out of state bank holding company" means a bank holding
084 company located in a state other than this state.

084

084 (g) "Regional bank holding company" means a bank holding
084 company that is located in Illinois, Indiana, Minnesota, Ohio, or
084 Wisconsin, other than a bank holding company that is controlled,
084 directly or indirectly, by a bank holding company that is not
084 itself a regional bank holding company or is not located in this
084 state.

084

084 (h) "Subsidiary" means a subsidiary as defined in section 2 of
084 the bank holding company act of 1956, 12 U.S.C. 1841.

084

084 (i) A bank holding company is located in the state in which the
084 operations of such bank holding company's banking subsidiaries
084 were principally conducted, as defined in section 3(d) of the
084 bank holding company act of 1956, 12 U.S.C. 1842, as of the date
084 described in section 3(d) of that act.

084

084 (j) A banking institution is located in the state in which its

084 principal place of business is located.

084

084 (k) A bank holding company controls a banking institution or
084 another bank holding company if it has control as defined in
084 section 2(a)(2) of the bank holding company act of 1956, 12
084 U.S.C. 1841.

084

084 (2) With the approval of the commissioner, a regional bank
084 holding company may acquire, directly or indirectly, ownership or
084 control of any or all of the voting shares of the capital stock
084 of any number of Michigan banking institutions if all of the
084 following conditions are met:

084

084 (a) The commissioner determines that the laws of the state in
084 which the regional bank holding company is located authorize a
084 bank holding company located in this state to acquire, directly
084 or indirectly, ownership or control of any or all of the voting
084 shares of the capital stock of 1 or more banking institutions
084 located in that state, under conditions which are not unduly
084 restrictive.

084

084 (b) The commissioner determines that an acquisition described
084 in subdivision (a) would not restrict the powers or privileges of
084 any banking institution acquired in that state.

084

084 (c) The commissioner does not determine that the acquisition is
084 likely to impair the safety and soundness of the Michigan banking
084 institution to be acquired or of a Michigan banking institution
084 that is already controlled by the regional bank holding company.

084

084 (d) The commissioner determines that the applicant has complied
084 with the requirements of subsections (11) and (12).

084

084 (3) A regional bank holding company desiring to make an
084 acquisition pursuant to subsection (2) shall file an application
084 with the commissioner. The application shall be in a form and
084 contain the information considered necessary by the commissioner.
084 The commissioner shall approve the application if the
084 commissioner determines that the applicant is a regional bank
084 holding company and that all of the conditions set forth in
084 subsection (2) are met.

084

084 (4) Beginning October 10, 1988, with the approval of the
084 commissioner, an out of state bank holding company may acquire,
084 directly or indirectly, ownership or control of any or all of the
084 voting shares of the capital stock of any number of Michigan
084 banking institutions if all of the following conditions are met:

084

084 (a) The commissioner determines that the laws of the state in
084 which the out of state bank holding company is located authorize
084 a bank holding company located in this state to acquire, directly
084 or indirectly, ownership or control of any or all of the voting
084 shares of 1 or more banking institutions in that state, under
084 conditions which are not unduly restrictive.

084

084 (b) The commissioner determines that an acquisition described
084 in subdivision (a) would not restrict the powers or privileges of
084 any banking institution acquired in that state.

084

084 (c) The commissioner does not determine that the acquisition is
084 likely to impair the safety and soundness of the Michigan banking
084 institution to be acquired or of a Michigan banking institution
084 that is already controlled by the regional bank holding company.

084

084 (d) The commissioner determines that the applicant has complied
084 with the requirements of subsections (11) and (12).

084

084 (5) An out of state bank holding company desiring to make an
084 acquisition pursuant to subsection (4) shall file an application
084 with the commissioner. The application shall be in a form and
084 contain the information considered necessary by the commissioner.
084 The commissioner shall approve the application if the
084 commissioner determines that the applicant is an out of state
084 bank holding company and that all of the conditions set forth in
084 subsection (4) are met.

084

084 (6) With the approval of the commissioner, a bank holding
084 company located in this state may acquire, directly or
084 indirectly, ownership or control of any or all of the voting
084 shares of the capital stock of a banking institution located
084 outside this state. A bank holding company desiring to make an
084 acquisition pursuant to this subsection shall file an application
084 with the commissioner. The commissioner shall approve the
084 application if the bank holding company meets the requirements of
084 subsections (11) and (12).

084

084 (7) The commissioner shall make a determination required by

084 subsection (3), (5), or (6) within 60 days after receipt of the
084 application.

084

084 (8) An acquisition made pursuant to this section shall not
084 affect the powers or privileges of the acquired banking
084 institution.

084

084 (9) Nothing in this section shall be construed as impairing or
084 affecting the authority of a bank holding company that is located
084 in this state and is not controlled by an out of state bank
084 holding company to acquire control of a Michigan banking
084 institution.

084

084 (10) Nothing in this section shall be construed as authorizing
084 any banking subsidiary or any other person, firm, or corporation
084 to operate a branch or otherwise to engage in the business of
084 banking or to act as fiduciary in this state other than as
084 provided in section 51.

084

084 (11) In connection with an application filed by a bank holding
084 company, pursuant to subsection (3), (5), or (6), the applicant,
084 as a condition of the approval, shall sign an agreement which
084 shall be in substantially the following form: "Applicant and all
084 its subsidiaries, wherever located, when making a consumer loan
084 to a resident of this state who does not physically travel out of
084 this state in order to obtain the consumer loan, hereby agrees to
084 comply with the laws of this state governing the maximum rate of
084 interest that may be charged and other provisions, relating to
084 that type of consumer loan, which protect consumers. This written

084 agreement shall not apply to unsecured open end credit extended
084 by a banking institution not located in this state or to any
084 other subsidiaries of the applicant not located in this state, to
084 the extent that federal law may make such provisions of Michigan
084 law inapplicable to such credit extended by such lenders. This
084 written agreement shall not require a Michigan banking
084 institution which is a subsidiary of the applicant to comply with
084 the laws of this state governing the maximum rate of interest
084 that may be charged and other provisions, relating to that type
084 of consumer loan, which protect consumers if federal law is
084 enacted to preempt any of the provisions of such laws of this
084 state for a consumer loan made to a resident of this state by
084 such Michigan banking institution, but such noncompliance shall
084 be limited to the specific extent of the preemption. Nothing in
084 this agreement shall exempt the applicant or any of its
084 subsidiaries from complying with Michigan law to the extent that
084 such lender is otherwise required to comply with Michigan law."
084 Any material deviation from the form of the agreement provided in
084 this subsection shall be by rule promulgated pursuant to the
084 administrative procedures act of 1969, Act No. 306 of the Public
084 Acts of 1969, being sections 24.201 to 24.328 of the Michigan
084 Compiled Laws. Any rule promulgated pursuant to this subsection
084 shall not add to or delete any of the substantive provisions
084 provided in this subsection.

084

084 (12) In connection with an application filed by a bank holding
084 company pursuant to subsection (3), (5), or (6), the commissioner
084 shall assess the composite record of the bank subsidiaries of the
084 bank holding company in meeting the credit needs of the

084 communities in the state in which the bank subsidiaries are
084 located, including low and moderate income neighborhoods,
084 consistent with the safe and sound operation of the bank
084 subsidiaries of the bank holding company. In assessing the record
084 of the bank subsidiaries of the applicant, the commissioner shall
084 consider the factors considered by the appropriate federal
084 financial supervisory agency pursuant to regulations promulgated
084 under the community reinvestment act of 1977, 12 U.S.C. 2901. The
084 commissioner shall request the applicant to supply the
084 commissioner with information and disclosures prepared by the
084 applicant in compliance with the community reinvestment act of
084 1977, 12 U.S.C. 2901 and regulations promulgated thereunder, and
084 a copy of the most recent assessment of the bank subsidiaries of
084 the applicant conducted by the appropriate federal financial
084 supervisory agency pursuant to the community reinvestment act. In
084 making such request, the commissioner shall give attention to the
084 objective of minimizing the paperwork burdens of banking
084 organizations. The commissioner may seek to obtain from the
084 appropriate federal financial supervisory agency copies of
084 relevant information in the possession of such applicable agency,
084 which may bear upon the record of the bank subsidiaries of the
084 applicant in meeting the credit needs of their entire
084 communities, including low and moderate income neighborhoods,
084 consistent with the safe and sound operation of the bank
084 subsidiaries, to make the assessment provided for in this
084 subsection. This subsection shall not authorize the commissioner
084 to make an on-site examination of a national banking association,
084 and shall not authorize the commissioner to make an on-site
084 examination of a state chartered bank for the purpose of

084 assessing the record of the bank subsidiaries of the applicant.

084

084 (13) If a lender that is not located in this state takes a
084 security interest on a consumer loan, and charges a rate of
084 interest in excess of the rate permitted by the laws of this
084 state or otherwise violates a provision of the laws of this state
084 relating to that type of consumer loan which protect consumers,
084 such security interest shall not be enforceable in this state,
084 unless the lender shows by a preponderance of evidence that the
084 violation was not intentional and resulted from a bona fide error
084 notwithstanding the maintenance of procedures reasonably adopted
084 to avoid any such error. Examples of bona fide error include, but
084 are not limited to, clerical, calculation, computer malfunction
084 and programming, and printing errors, except that an error of
084 legal judgment by a lender is not a bona fide error. This
084 subsection shall not apply if the consumer is a resident of this
084 state who physically travels out of this state in order to obtain
084 the consumer loan.

084

084 (14) If another state has enacted legislation which
084 contemplates the possibility of a bank holding company located in
084 this state being able to acquire any or all of the voting shares
084 of the capital stock of 1 or more banking institutions located in
084 that state, and if such transaction is prevented by a finding by
084 the appropriate official or agency in that state, or a court of
084 competent jurisdiction in that state, to the effect that Michigan
084 law does not satisfy the reciprocity standard established in that
084 state's law, the commissioner shall take appropriate actions to
084 communicate with persons in that state in an attempt to encourage

084 action to bring about a positive finding in that state with
084 respect to reciprocity with Michigan. The commissioner shall also
084 promptly notify the clerk of the house of representatives and
084 secretary of the senate of any such negative finding by another
084 state with respect to reciprocity. This subsection shall only be
084 applicable to negative findings in Illinois, Indiana, Minnesota,
084 Ohio, or Wisconsin before October 10, 1988.

084

084 (15) This section shall take effect January 1, 1986.

084

078 History: Add. 1985, Act 177, Eff. Jan. 1, 1986.

067

067 487.431 Bank; conversion into stock association or national
067 banking association.

067

084 Sec. 131. (1) Upon the affirmative votes of the shareholders
084 representing 2/3 of the total number of shares of each class of
084 its outstanding capital stock, a bank may be converted under the
084 laws of this state into a stock association or under the laws of
084 the United States into a national banking association. The
084 conversion of a bank into a stock association or a national
084 banking association shall not release the bank from its
084 obligations to pay and discharge all the liabilities created by
084 law or incurred by it before becoming a stock association or a
084 national banking association or any tax imposed by the laws of
084 this state up to the date of its becoming a stock association or
084 a national banking association in proportion to the time which
084 has elapsed since the last preceding payment or any assessment,
084 penalty, or forfeiture imposed or incurred under the laws of this

084 state up to the date of its becoming a stock association or a
084 national banking association. No conversion shall be made to
084 defeat or defraud any of the creditors of the bank.

084

084 (2) Certified copies of all proceedings by the directors and
084 shareholders of the stock association or bank shall be filed with
084 the commissioner in triplicate and in addition, the bank shall
084 furnish a certified copy of consent or approval of the
084 comptroller of the currency to the conversion if the consent or
084 approval is required by the national bank laws. One copy of the
084 proceedings shall be filed in the office of the bureau and the
084 commissioner shall certify and forward 1 copy of the proceedings
084 to the county clerk of the county in which such converted bank is
084 located and 1 to the corporation division, department of
084 treasury.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1987, Act
078 104, Imd. Eff. July 7, 1987.

067

067 487.433 National banking association or stock association;
067 conversion into bank.

067

084 Sec. 133. (1) With the approval of the commissioner and upon
084 the affirmative votes of the shareholders representing 2/3 of the
084 total number of shares of each class of its outstanding capital
084 stock, a national banking association doing business in this
084 state and having an unimpaired capital and surplus sufficient to
084 entitle it to become a bank under the provisions of existing laws
084 of this state may be converted into a bank if the conversion is

084 not in contravention of any laws of the United States. In such
084 case, the articles of incorporation may be executed by a majority
084 of the directors of the national banking association. A majority
084 of the directors, after executing the articles of incorporation,
084 shall have the power to execute all other papers and to do
084 whatever may be required to complete its organization as a bank.
084 The shares of the bank may continue to be for the same amount
084 each as they were before the conversion, and the directors may
084 continue to be directors of the bank until others have been
084 elected or appointed pursuant to the laws of this state. The
084 approval of the commissioner shall be based on an examination of
084 the national banking association and of the proceedings had by
084 its directors and shareholders with respect to the conversion. No
084 conversion shall be made to defeat or defraud any of the
084 creditors of the bank. In his or her discretion and subject to
084 conditions as he or she may prescribe, the commissioner may
084 permit the converted bank to retain and carry, at a value
084 determined by the commissioner, assets of the converting national
084 banking association as do not conform to the legal requirements
084 relative to assets acquired and held by banks.

084

084 (2) With the approval of the commissioner and upon the
084 affirmative vote of shareholders representing more than 50% of
084 the total number of shares of each class of its outstanding
084 capital stock, a stock association having an unimpaired capital
084 and surplus sufficient to entitle it to become a bank under the
084 provisions of existing law of this state may be converted into a
084 bank. In such case, the articles of incorporation may be executed
084 by a majority of the directors of the stock association. A

084 majority of the directors, after executing the articles of
084 incorporation, may execute all other papers and do whatever may
084 be required to complete its organization as a bank. The shares of
084 the bank may continue to be for the same amount each as they were
084 before the conversion, and the directors may continue to be
084 directors of the bank until others have been elected or appointed
084 pursuant to the laws of this state. The approval of the
084 commissioner shall be based on an examination of the stock
084 association and of the proceedings had by its directors and
084 shareholders with respect to the conversion. A conversion shall
084 not be made to defeat or defraud any of the creditors of the
084 association. Subject to conditions as he or she may prescribe,
084 the commissioner may permit the converted bank to retain and
084 carry, at a value determined by the commissioner, assets of the
084 converting stock association which do not conform to the legal
084 requirements relative to assets acquired and held by banks.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1987, Act
078 104, Imd. Eff. July 7, 1987.

067

067 487.435 Effect of conversion.

067

084 Sec. 135. (1) When a conversion under either section 131 or 133
084 becomes effective, all the property of the converting
084 organization, including all its right, title, and interest in and
084 to all property of whatsoever kind, whether real, personal or
084 mixed, and things in action, and every right, privilege,
084 interest, and asset of any conceivable value or benefit then
084 existing, belonging, or pertaining to it, or which would inure to

084 it, shall immediately by act of law and without any conveyance or
084 transfer and without any further act or deed, be vested in and
084 become the property of the converted organization, which shall
084 have, hold, and enjoy the same in its own right as fully and to
084 the same extent as it was possessed, held, and enjoyed by the
084 converting organization. The converted organization shall be
084 deemed to be a continuation of the entity and of the identity of
084 the converting organization. All the rights, obligations, and
084 relations of the converting organization to or in respect to any
084 person, estate, creditor, depositor, trustee, or beneficiary of
084 any trust, and in, or in respect to, any executorship or
084 trusteeship or any other trust or fiduciary function, shall
084 remain unimpaired. The converted organization shall succeed to
084 all such rights, obligations, relations, and trusts, and the
084 duties and liabilities connected therewith, and shall execute and
084 perform each and every trust and relation in the same manner as
084 if the converted organization had itself assumed the trust or
084 relation and the obligations and liabilities connected therewith.
084 If the converting organization is acting as administrator,
084 coadministrator, executor, coexecutor, trustee, or cotrustee of
084 or in respect to any estate or trust being administered under the
084 laws of this state, such relation, as well as any other or
084 similar fiduciary relations, and all rights, privileges, duties,
084 and obligations connected therewith shall remain unimpaired and
084 shall continue into and in the converted organization from and as
084 of the time of taking effect of the conversion, irrespective of
084 the date when any such relation may have been created or
084 established and irrespective of the date of any trust agreement
084 relating thereto or the date of the death of any testator or

084 decedent whose estate is being so administered. Nothing done in
084 connection with the conversion, in respect to any executorship,
084 trusteeship, or similar fiduciary relation, shall be deemed to be
084 or to effect under the laws of this state a renunciation or
084 revocation of any letters of administration or letters
084 testamentary pertaining to such relation nor a removal or
084 resignation from any such executorship or trusteeship or other
084 fiduciary relationship nor shall the same be deemed to be of the
084 same effect as if the executor or trustee or other fiduciary had
084 died or otherwise become incompetent to act.

084

084 (2) A bank or national banking association resulting from a
084 conversion under either section 131 or 133 shall have the right,
084 notwithstanding any of the requirements, restrictions, and
084 limitations of section 171 to the contrary, to retain and
084 continue to operate any and all branches of the converting
084 organization which were in lawful operation immediately prior to
084 conversion, without being required to establish or reestablish
084 any branch or branches pursuant to section 171 and irrespective
084 of whether any such branch or branches could, at the time the
084 conversion becomes effective, have been established or
084 reestablished as a branch or branches of such converting or
084 converted organization, consistently with the requirements,
084 restrictions, and limitations of section 171.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1985, Act
078 177, Imd. Eff. Dec. 6, 1985;--Am. 1988, Act 200, Eff. Aug. 1,
078 1988.

067

067 487.439 Sale, consolidation or conversion; rights or liabilities

067 unimpaired.

067

084 Sec. 139. The liability of any bank or national banking

084 association or of the shareholders, directors or officers

084 thereof, or the rights or remedies of the creditors thereof, or

084 of persons transacting business therewith, shall not be lessened

084 or impaired by virtue of the sale of all or substantially all of

084 the assets thereof or by the consolidation of 2 or more

084 organizations or the conversion of an organization.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

078

068 CHAPTER 3A

067

067 487.441 Application by foreign bank to establish state agency,

067 foreign bank branch, or bank representative office; contents;

067 examination; investigation; issuance of certificate of

067 authority.

067

084 Sec. 141. (1) A foreign bank authorized by its charter or

084 articles of incorporation to engage in the business of banking,

084 that has complied with the laws of the foreign country in which

084 it is chartered or incorporated, and that does not operate a

084 federal agency in this state, may submit to the commissioner an

084 application to establish a state agency.

084

084 (2) A foreign bank authorized by its charter or articles of

084 incorporation to engage in the business of banking, and that has

084 complied with the laws of the jurisdiction in which it is
084 chartered or incorporated, and that has not previously designated
084 any other state as its home state under provisions of the
084 international banking act of 1978, may submit an application to
084 the commissioner to establish and operate a state foreign bank
084 branch.

084

084 (3) Upon written notification to the commissioner, a foreign
084 bank authorized by its charter or articles of incorporation to
084 engage in the business of banking, and that has complied with the
084 applicable laws of the jurisdiction in which it is chartered or
084 incorporated, may establish and operate a foreign bank
084 representative office in this state.

084

084 (4) The commissioner shall examine the information and
084 statements contained in the application submitted under
084 subsection (1) or (2) and make any investigation the commissioner
084 considers necessary regarding the financial and managerial
084 resources of the applicant. The commissioner shall also consider
084 whether there exists an opportunity for a bank having its
084 principal place of business in this state to conduct business in
084 the foreign country in which the applicant is chartered or
084 incorporated.

084

084 (5) If, after examining the information contained in the
084 application, conducting any investigation considered necessary,
084 and receiving all necessary application and investigation fees
084 from the applicant, the commissioner is satisfied as to the
084 sufficiency of the capital and surplus of the bank and the

084 prospects of successful operation if established, and the
084 commissioner determines approval of the application would be in
084 the public interest, the commissioner shall issue to the
084 applicant a certificate of authority to conduct business in this
084 state at the address specified in the certificate.

084

078 History: Add. 1984, Act 250, Imd. Eff. Oct. 15, 1984;--Am.
078 1995, Act 90, Imd. Eff. June 20, 1995;--Am. 1995, Act 202, Imd.
078 Eff. Nov. 29, 1995.

067

067 487.442 Operations of foreign bank at state agency or foreign
067 bank branch; conduct; prohibitions; limitation; additional
067 offices; principal office; state agency or foreign bank branch
067 as insured bank; accounts and business; investigation;
067 availability of information.

067

084 Sec. 142. (1) Except as otherwise provided in this act or other
084 law of this state, operations of a foreign bank at a state agency
084 shall be conducted with the same rights and privileges and
084 subject to the same duties, restrictions, penalties, liabilities,
084 conditions, and limitations that would apply under this act to a
084 bank doing business at the same location, except that a state
084 agency or an additional office of a state agency shall not accept
084 nor solicit deposits from citizens or residents of the United
084 States or exercise trust powers. Operations of a foreign bank
084 representative office are limited to representational functions.

084

084 (2) With the prior approval of the commissioner, a foreign bank
084 that operates a state agency or state foreign bank branch is

084 permitted to establish and operate additional offices subject to
084 section 171. For purposes of section 171, the principal office of
084 a foreign bank operating under this act shall be its first state
084 agency or state foreign bank branch established in this state.

084

084 (3) A state agency or state foreign bank branch shall not be
084 required to become an insured bank, as insured bank is defined in
084 section 3 of the federal deposit insurance act, chapter 967, 64
084 Stat. 873, 12 U.S.C. 1813, unless the state foreign bank branch
084 accepts deposits described in section 3 of the federal deposit
084 insurance act.

084

084 (4) A foreign bank that operates a state agency or state
084 foreign bank branch in this state shall maintain the accounts and
084 conduct the business of the state agency or state foreign bank
084 branch independently of the accounts and business of the parent
084 foreign bank.

084

084 (5) The commissioner may, at any time, investigate the accounts
084 and business of a state agency, state foreign bank branch, or
084 foreign bank representative office operating in this state, and
084 for that purpose may require that a foreign bank make available
084 in this state for examination all the books, accounts, records,
084 and files of the foreign bank that contain information regarding
084 the accounts and business of that state agency, state foreign
084 bank branch, or foreign bank representative office.

084

078 History: Add. 1984, Act 250, Imd. Eff. Oct. 15, 1984;--Am.

078 1995, Act 90, Imd. Eff. June 20, 1995;--Am. 1995, Act 202, Imd.

078 Eff. Nov. 29, 1995.

067

067 487.443 Reports; penalty for noncompliance.

067

084 Sec. 143. A foreign bank operating a state agency or state
084 foreign bank branch in this state shall, at the times and in the
084 form prescribed by the commissioner, file with the commissioner
084 reports written in the English language, showing the amount of
084 its assets and liabilities and containing other information
084 requested by the commissioner. A foreign bank that fails to
084 comply with this section is subject to the penalty provided in
084 section 226.

084

078 History: Add. 1984, Act 250, Imd. Eff. Oct. 15, 1984;--Am.

078 1995, Act 202, Imd. Eff. Nov. 29, 1995.

067

067 487.444 Conversion of state agency or foreign bank branch to
067 federal agency or branch; conversion of federal agency or
067 branch to state agency or foreign bank branch; disposition of
067 assets or liabilities.

067

084 Sec. 144. (1) A state agency or state foreign bank branch may
084 be converted into a federal agency or federal branch pursuant to
084 the international banking act of 1978.

084

084 (2) A federal agency or federal branch may be converted, with
084 the written approval of the commissioner, into a state agency or
084 state foreign bank branch. If the converted state agency or state
084 foreign bank branch succeeds to assets in which it does not have

084 the legal power to invest, or liabilities which it does not have
084 power to incur, those assets or liabilities shall be disposed of
084 within the next 12 calendar months of the date of the conversion,
084 except that the commissioner may extend this period in the
084 interest of an orderly disposition of those assets or
084 liabilities. The disposition period shall not exceed 3 years.

084

078 History: Add. 1984, Act 250, Imd. Eff. Oct. 15, 1984;--Am.
078 1995, Act 202, Imd. Eff. Nov. 29, 1995.

067

067 487.445 Engaging in unsafe or unsound practices; violation of
067 state or federal law, rule, or regulation; notice of intent to
067 revoke certificate of authority; hearing; decision.

067

084 Sec. 145. (1) If, in the opinion of the commissioner, a foreign
084 bank is engaging, or has engaged, or the commissioner has
084 reasonable cause to believe that the foreign bank is about to
084 engage, in an unsafe or unsound practice in conducting the
084 business of a state agency, state foreign bank branch, or foreign
084 bank representative office, or is violating, has violated, or the
084 commissioner has reasonable cause to believe that the foreign
084 bank is about to violate, a state or federal law or a state or
084 federal rule or regulation, the commissioner may issue and serve
084 upon the foreign bank a notice of intent to revoke the foreign
084 bank's certificate of authority. The notice shall inform the
084 foreign bank of its right to request a hearing within 10 days.

084

084 (2) If the foreign bank requests a hearing, the commissioner
084 shall hold a hearing which shall be conducted in accordance with

084 the administrative procedures act of 1969, Act No. 306 of the
084 Public Acts of 1969, being sections 24.201 to 24.328 of the
084 Michigan Compiled Laws.

084

084 (3) Within 60 days after the hearing, the commissioner shall
084 file a written decision containing his or her findings and serve
084 a copy upon the foreign bank.

084

078 History: Add. 1984, Act 250, Imd. Eff. Oct. 15, 1984;--Am.
078 1995, Act 202, Imd. Eff. Nov. 29, 1995.

067

067 487.446 Termination of authority to operate state agency,
067 foreign bank branch, or foreign bank representative office;
067 commissioner as agent for foreign bank for service of process;
067 powers over assets and liabilities.

067

084 Sec. 146. Authority to operate a state agency, state foreign
084 bank branch, or foreign bank representative office shall
084 terminate upon dissolution of the foreign bank, or the
084 commissioner's revocation of the foreign bank's authority to
084 operate in this state. Upon termination of the authority to
084 operate a state agency or state foreign bank branch, the
084 commissioner shall become agent for the foreign bank for service
084 of process and shall exercise the same powers, including the
084 right to appoint a receiver, over the assets and liabilities of
084 the state agency or state foreign bank branch as are permitted
084 over a state chartered bank in liquidation pursuant to sections
084 111 and 251 to 268.

084

078 History: Add. 1984, Act 250, Imd. Eff. Oct. 15, 1984;--Am.

078 1995, Act 202, Imd. Eff. Nov. 29, 1995.

078

068 CHAPTER 4

068

068 POWERS

067

067 487.451 Additional corporate powers of bank.

067

084 Sec. 151. Subject to the limitations and restrictions contained

084 in this act or in a bank's articles, the bank may engage in the

084 business of banking and a business related or incidental to

084 banking, and for that purpose, without specific mention in its

084 articles, a bank has the powers conferred by this act and the

084 following additional corporate powers:

084

084 (1) To have a corporate seal, that may be altered at pleasure,

084 and to use the corporate seal by causing it, or a facsimile of

084 it, to be impressed, affixed, or reproduced in any manner.

084

084 (2) To have succession in perpetuity or for a limited period of

084 time, as fixed by its articles or until its affairs are finally

084 wound up by liquidation, forfeiture, or dissolution as provided

084 by this act.

084

084 (3) To make contracts.

084

084 (4) To sue and be sued, complain, and defend in its corporate

084 name as fully as a natural person.

084

084 (5) To elect or appoint directors who shall appoint from their
084 members a president who shall perform duties as may be designated
084 by the board, and who shall serve as the chairperson of the
084 board, unless the board designates another director to be
084 chairperson in lieu of the president. The board shall appoint 1
084 or more vice-presidents, a cashier, and other officers as the
084 board considers necessary, who may or may not be members of the
084 board, shall define their duties, shall dismiss the officers or
084 any of them at pleasure, and shall appoint other officers to fill
084 their places.

084

084 (6) To make, alter, amend, and repeal bylaws not inconsistent
084 with its articles or with law for the administration and
084 regulation of the affairs of the bank.

084

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

084

084 (8) To make contributions and donations for the public welfare
084 or for religious, charitable, scientific, or educational
084 purposes, and, in connection with the contributions and
084 donations, to establish and operate charitable trusts.

084

084 (9) To purchase, take, lease as lessee, or otherwise acquire
084 and to own, hold, and use, to sell, lease as lessor, mortgage,
084 pledge, grant a security interest in, convey, or otherwise
084 dispose of real or personal property in connection with the
084 exercise of a power granted in this act.

084

084 (10) To act as agent of the United States, or of an
084 instrumentality or agency of the United States, for the sale or
084 issue of bonds, notes, or other obligations of the United States,
084 or an instrumentality or agency of the United States and to take
084 other action as may be necessary or proper to enable the bank to
084 act under this subdivision.

084

084 (11) To become a member of the federal reserve system, to hold
084 shares of stock in a federal reserve bank, to take all actions
084 incident to maintenance of its membership, and to exercise all
084 powers, not inconsistent with the provisions of this act,
084 conferred on member banks by the federal reserve act, chapter 6,
084 38 Stat. 251.

084

084 (12) To become an insured bank pursuant to the federal deposit
084 insurance act, and to take actions incident to the maintenance of
084 an insured status under that act.

084

084 (13) To become a member of the federal home loan bank as
084 defined in section 2 of the federal home loan bank act,
084 chapter 522, 47 Stat. 725, 12 U.S.C. 1422, and to exercise those
084 powers conferred upon a federal home loan bank member by the
084 federal home loan bank that are consistent with this act.

084

084 (14) To purchase the shares of stock of a small business
084 investment company doing business in this state and licensed
084 under, or established pursuant to, the federal small business
084 investment act of 1958, Public Law 85-699, 72 Stat. 689, and to

084 purchase shares of stock of a business and industrial development
084 corporation established pursuant to the provisions of the
084 Michigan BIDCO act, Act No. 89 of the Public Acts of 1986, being
084 sections 487.1101 to 487.2001 of the Michigan Compiled Laws.
084

084 (15) To sell mortgage loans to the federal national mortgage
084 association, or a successor of the association, and, in
084 connection with the association, to make payments of capital
084 contributions, required pursuant to law, in the nature of
084 subscriptions for stock of the association or a successor of the
084 association, to receive stock evidencing the capital
084 contributions, and to hold or dispose of the stock.

084

084 (16) To conduct its business through subsidiaries, but a bank
084 shall not acquire or hold for its own account shares of a bank or
084 bank holding company, unless the shares are acquired as provided
084 in subdivision (19). The commissioner may promulgate rules as he
084 or she considers necessary to effectuate this subdivision and
084 prevent evasions of this subdivision. For the purpose of this
084 subdivision, "subsidiary" means a corporation of which at least
084 80% of the voting stock of the corporation is owned by state and
084 national banks located in Michigan.

084

084 (17) To make application for and to obtain insurance of loans,
084 but not to operate an insurance underwriting business.

084

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

084

084 (19) To acquire and hold, irrespective of any restriction or
084 limitation of this act, property, or a security interest in
084 property, as protection against loss on an evidence of
084 indebtedness, on an agreement for the payment of money, or on an
084 investment security previously acquired lawfully and in good
084 faith, subject to both of the following:

084

084 (a) A determination by a majority vote of its directors, at
084 least once each year, as to the advisability of retaining the
084 property or security interest so acquired.

084

084 (b) Disposition within a period of 60 months after the date of
084 acquisition, or a longer period as the commissioner may approve.

084

084 (20) To hold property lawfully held on August 20, 1969, subject
084 to the inclusion of the property in any computation of a
084 limitation on the acquisition for holding of property of a like
084 character under this act.

084

084 (21) To service loans for others and to receive a fee for the
084 service.

084

084 (22) To purchase capital stock, bonds, debentures, or other
084 obligations of a corporation created pursuant to the authority
084 granted by sections 161 to 165, but subject to the limitations
084 and conditions of those sections.

084

084 (23) To execute and deliver guarantees as may be incidental or

084 usual in carrying on the business of a bank.

084

084 (24) To purchase, hold, and dispose of stock of the student
084 loan marketing association established pursuant to section 439 of
084 part B of title IV of the higher education act of 1965, Public
084 Law 89-329, 20 U.S.C. 1087-2.

084

084 (25) To purchase open accounts, with or without recourse
084 against the seller of an open account, which accounts need not
084 represent an evidence of indebtedness, and including open
084 accounts in connection with export transactions, when the
084 accounts are protected by insurance such as that provided by the
084 foreign credit insurance association and the export-import bank.

084

084 (26) To purchase for its own account shares of stock issued by
084 an agricultural credit corporation or a corporation organized
084 solely for the purpose of making loans to farmers and ranchers
084 for agricultural purposes, including the breeding, raising,
084 fattening or marketing of livestock. Unless a bank owns at least
084 80% of the stock of the corporation, the amount invested by the
084 bank at any 1 time in the stock of the corporation shall not
084 exceed 20% of the unimpaired capital and surplus of the bank.

084

084 (27) To make, arrange, participate in, purchase, or sell loans
084 or extensions of credit secured by liens or interests in real
084 estate or leaseholds.

084

084 (28) To purchase and hold for its own account any class of
084 voting securities of a bank organized and chartered pursuant to

084 section 54 or the national bank act, chapter 106, 13 Stat. 99,
084 and engaged exclusively in providing services to depository
084 institutions or their officers, directors, and employees, or a
084 bank holding company that owns or controls a bank organized and
084 chartered pursuant to section 54 or the national bank act, if the
084 stock of a bank holding company is owned exclusively, except to
084 the extent directors' qualifying shares are required by law, by
084 depository institutions and if all subsidiaries of the company
084 engage exclusively in serving depository institutions or their
084 officers, directors, and employees. The amount of securities of a
084 bank or bank holding company held by an investing bank shall not
084 exceed 20% of the capital and surplus of the investing bank.

084

084 (29) To purchase, hold, and dispose of mortgages, obligations,
084 or other securities that are or ever have been sold by the
084 federal home loan mortgage corporation pursuant to sections 305
084 and 306 of the federal home loan mortgage corporation act, title
084 III of the emergency home finance act of 1970, Public Law 91-351,
084 12 U.S.C. 1454 and 1455.

084

084 (30) To incur liabilities, borrow money, and issue its notes,
084 bonds, and other obligations.

084

084 (31) To enter into agency relationships with affiliated
084 depository institutions. A bank or an affiliated depository
084 institution in its capacity as an agent under this subsection may
084 do all of the following:

084

084 (a) Receive deposits.

084

084 (b) Permit withdrawals of deposits.

084

084 (c) Renew time deposits.

084

084 (d) Close loans.

084

084 (e) Service loans.

084

084 (f) Receive loan payments.

084

084 (g) Engage in any activity specifically authorized by this act

084 or by order or declaratory ruling of the commissioner.

084

084 (32) To exercise all incidental powers as shall be necessary to
084 carry on the business of banking. In order to implement the
084 provisions of this subdivision, the commissioner may promulgate
084 rules pursuant to section 19, or issue declaratory rulings in
084 accordance with the administrative procedures act of 1969, Act
084 No. 306 of the Public Acts of 1969, being sections 24.201 to
084 24.328 of the Michigan Compiled Laws, or issue orders on
084 applications by 1 or more banks to exercise powers not
084 specifically authorized by this act. It is intended that this
084 subdivision shall vest in the commissioner the discretion and
084 authority to authorize banks to exercise the powers appropriate
084 and necessary to compete with other depository financial
084 institutions and other providers of financial services. In the
084 exercise of the discretion permitted by this subdivision the
084 commissioner shall consider the ability of banks to exercise any

084 additional power in a safe and sound manner, the authority of
084 national banks operating pursuant to federal law or regulation,
084 the powers of other competing entities providing financial
084 services in the banks' service area, and any specific limitations
084 on bank powers contained in this act or in any other state law.
084 On a quarterly basis, the commissioner shall give notice to all
084 banks of rules promulgated or declaratory rulings or
084 determinations issued pursuant to this subdivision.

084

084 (33) As authorized by order or declaratory ruling of the
084 commissioner, to exercise at its branch in another state such
084 powers consistent with the safe and sound conduct of the business
084 of banking and granted by the laws of the state where the branch
084 is located.

084

084 (34) As authorized by order or declaratory ruling of the
084 commissioner, to exercise such further powers consistent with the
084 safe and sound conduct of the business of banking as are granted
084 by the laws of the United States to national banks.

084

084 (35) To own and operate a messenger service or to own or invest
084 in a corporation that operates a messenger service.

084

084 (36) To engage in any aspect of the insurance and surety
084 business as an agent, broker, solicitor, or insurance counselor
084 as provided under the insurance code of 1956, Act No. 218 of the
084 Public Acts of 1956, being sections 500.100 to 500.8302 of the
084 Michigan Compiled Laws.

084

084 (37) To own an insurance agency in whole or in part as provided
084 under Act No. 218 of the Public Acts of 1956.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1970, Act
078 148, Imd. Eff. Aug. 1, 1970;--Am. 1974, Act 199, Imd. Eff. July
078 9, 1974;--Am. 1976, Act 445, Imd. Eff. Jan. 13, 1977;--Am. 1983,
078 Act 221, Imd. Eff. Nov. 28, 1983;--Am. 1985, Act 177, Imd. Eff.
078 Dec. 6, 1985;--Am. 1988, Act 200, Eff. Aug. 1, 1988;--Am. 1988,
078 Act 311, Eff. Jan. 1, 1989;--Am. 1991, Act 12, Imd. Eff. Apr. 25,
078 1991;--Am. 1993, Act 90, Imd. Eff. July 9, 1993;--Am. 1994, Act
078 405, Eff. Mar. 30, 1995;--Am. 1995, Act 202, Imd. Eff. Nov. 29,
078 1995.

078

078 Administrative rules: R 487.1101 et seq. of the Michigan
078 Administrative Code.

067

067 487.451a Purchase by bank of stock in corporation providing
067 capital to banks owned or controlled by racial minorities.

067

084 Sec. 151a. Subject to the limitations and restrictions
084 contained in this act or in its articles, with the approval of
084 the commissioner a bank may purchase the shares of stock of any
084 corporation whose primary purpose is to provide capital to banks
084 largely owned or controlled by individuals classified as racial
084 minorities. All such investments in the aggregate shall not
084 exceed an amount equal to 2% of the capital and surplus of the
084 bank.

084

078 History: Add. 1972, Act 188, Imd. Eff. June 21, 1972.

067

067 487.451b Purchasing shares of stock of, or making loans to,
067 Michigan business development corporation.

067

084 Sec. 151b. Subject to the limitations and restrictions
084 contained in this act or in the bank's articles of incorporation,
084 a bank may purchase the shares of stock of, or make loans to the
084 Michigan business development corporation.

084

078 History: Add. 1979, Act 82, Imd. Eff. Aug. 1, 1979.

067

067 487.451c Venture capital investments or investments in equity
067 securities; limitations.

067

084 Sec. 151c. (1) Subject to the limitations contained in this act
084 and in its articles of incorporation, a bank may make venture
084 capital investments, or may invest in equity securities of a
084 professional investor a majority of whose assets consists of
084 venture capital investments.

084

084 (2) If a bank makes a venture capital investment pursuant to
084 subsection (1), an officer or director of the bank shall not hold
084 an equity position in the financed company, and the bank shall
084 own less than 50% of such company.

084

084 (3) A bank's investment pursuant to subsection (1) in any 1
084 entity shall not exceed an amount equal to 5% of the capital and
084 surplus of the bank, and all investments under subsection (1)
084 shall not exceed an amount equal to 10% of the capital and

084 surplus of the bank.

084

084 (4) This section shall not limit the authority of a bank to
084 exercise lending or investment powers which are otherwise
084 authorized by law.

084

084 (5) As used in this section:

084

084 (a) "Professional investor" means an investment company
084 registered under the investment company act of 1940,
084 15 U.S.C. 80a-1 to 80a-64, a pension or profit sharing trust or
084 other institutional buyer, or a person, partnership, or other
084 entity a majority of whose resources is dedicated to investing in
084 equity or debt securities and whose net worth exceeds \$500,000.00
084 prior to the bank's investment.

084

084 (b) "Venture capital" means equity financing that is provided
084 for starting up or expanding a company, or related purposes such
084 as financing for seed capital, research and development,
084 introduction of a product or process into the marketplace, or
084 similar needs requiring risk capital. A venture capital
084 investment shall not include the purchase of a share of stock in
084 a company if, on the date on which the share of stock is
084 purchased, the company has securities outstanding that are
084 registered on a national securities exchange under section 12(b)
084 of the securities exchange act of 1934, 15 U.S.C. 78(l); that are
084 registered or required to be registered under section 12(g) of
084 that act; or which would be required to be so registered except
084 for the exemptions in section 12(g)(2) of that act.

084

078 History: Add. 1985, Act 177, Imd. Eff. Dec. 6, 1985.

067

067 487.451d Bank; authorized investments and services.

067

084 Sec. 151d. A bank may:

084

084 (a) Make investments in 1 or more of the following:

084

084 (i) Securities and in corporations or partnerships authorized
084 by title IX of the housing and urban development act of 1968,
084 Public Law 90-448, 82 Stat. 476.

084

084 (ii) Financial options to hedge a bank's interest rate risks.

084

084 (b) Perform 1 or more of the following services, primarily for
084 financial institutions:

084

084 (i) Provide life, health, and casualty insurance for officers
084 and employees of financial institutions and operate bonus plans
084 and retirement benefit plans for those officers and employees.

084

084 (ii) Service mortgages and land contracts.

084

084 (iii) Originate and service mortgage loans, mortgages, and land
084 contracts, on behalf of financial institutions, corporations, and
084 state or federal agencies or instrumentalities.

084

084 (iv) Act as escrow agent or depository for other escrow agents

084 or fiduciaries for the holding of money as custodian or in trust
084 for others.

084

084 (v) Credit analysis, appraising, construction loan inspection,
084 and abstracting.

084

084 (vi) Research, studies, and surveys.

084

084 (vii) Develop and operate storage facilities for microfilm or
084 other duplicate records.

084

084 (viii) Advertising, brokerage, and other services to procure
084 and retain both deposits and loans, but not pooling deposits or
084 soliciting or promoting pooled deposits.

084

084 (ix) Liquidity management, investment, advisory, and consulting
084 services.

084

084 (x) Establish, own, lease, operate, or maintain electronic
084 funds transfer terminals.

084

084 (xi) Purchase office supplies, furniture, and equipment.

084

084 (c) Provide 1 or more of the following services:

084

084 (i) Prepare local, state, and federal tax returns for
084 individuals or organizations that are not corporations operated
084 for profit.

084

084 (ii) Data processing services.

084

084 (iii) Other activities as the commissioner by rule determines

084 appropriate.

084

078 History: Add. 1987, Act 104, Imd. Eff. July 7, 1987.

067

067 487.451e Bank; additional authorized investments.

067

084 Sec. 151e. (1) A bank may invest in both of the following:

084

084 (a) Shares or certificates of an open-end management investment
084 company registered with the securities and exchange commission
084 under the investment company act of 1940, title I of chapter 686,
084 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-64, while the portfolio of
084 the company is restricted by its investment policy, changeable
084 only by vote of the shareholders, to investments permitted by
084 order of the commissioner.

084

084 (b) Stock, bonds, or other obligations of a business and
084 industrial development corporation licensed and supervised by
084 this state.

084

084 (2) With the approval of the commissioner, a bank may invest in
084 other categories of assets that the commissioner determines are
084 consistent with the purposes of this act. Investments under this
084 subsection are subject to limitations as determined appropriate
084 by the commissioner and established by rule.

084

084 (3) This section does not limit the investment authority of a
084 bank granted by any other section of this act.

084

078 History: Add. 1987, Act 104, Imd. Eff. July 7, 1987;--Am. 1994,
078 Act 399, Imd. Eff. Dec. 29, 1994.

067

067 487.451f Bank; brokerage services; rules.

067

084 Sec. 151f. Subject to applicable state or federal law, a bank
084 may provide brokerage services for the offer, sale, or purchase
084 of a security or commodity contract. The commissioner may
084 promulgate rules to clarify and enforce this section under the
084 administrative procedures act of 1969, Act No. 306 of the Public
084 Acts of 1969, being sections 24.201 to 24.328 of the Michigan
084 Compiled Laws. As used in this section, "security" means a
084 security as defined in section 401 of the uniform securities act,
084 Act No. 265 of the Public Acts of 1964, being section 451.801 of
084 the Michigan Compiled Laws.

084

078 History: Add. 1987, Act 104, Imd. Eff. July 7, 1987.

067

067 487.451g Bank; limitation on investment in real estate.

067

084 Sec. 151g. A bank may invest not more than 10% of its total
084 assets in the purchase and development of real estate for sale or
084 for the improvement of real estate by the construction of
084 residential or commercial units for sale or rental purposes.

084

078 History: Add. 1987, Act 104, Imd. Eff. July 7, 1987.

067

067 487.451h Bank; limitation on investment in service corporations;

067 "service corporation" defined; rules or orders; notice of

067 rules, orders, or determinations.

067

084 Sec. 151h. (1) A bank may invest, in aggregate not more than 5%

084 of the bank's total assets in 1 or more service corporations. An

084 investment under this subsection is subject to limitations and

084 approvals established by rules promulgated by the commissioner.

084

084 (2) As used in this section, "service corporation" means a

084 corporation organized under the laws of any state that engages in

084 activities determined by the commissioner by order or rule to be

084 incidental to the conduct of a banking business as provided in

084 this act or activities that further or facilitate the corporate

084 purposes of a bank, or that furnishes services to a bank,

084 out-of-state bank, national bank, association, or savings bank,

084 or subsidiaries or affiliates, the voting stock of which is owned

084 directly or indirectly by 1 or more banks, out-of-state banks,

084 national banks, associations, or savings banks.

084

084 (3) To implement this section, the commissioner may promulgate

084 rules under the administrative procedures act of 1969, Act

084 No. 306 of the Public Acts of 1969, being sections 24.201 to

084 24.328 of the Michigan Compiled Laws. In the alternative the

084 commissioner may issue orders under section 30(3) to (10) on

084 applications by 1 or more banks for a determination that a

084 proposed activity is permitted by this section.

084

084 (4) The commissioner, on at least a quarterly basis, shall give
084 notice to all banks of any rules, orders, or determinations
084 issued under this section.

084

078 History: Add. 1987, Act 104, Imd. Eff. July 7, 1987;--Am. 1988,
078 Act 200, Eff. Aug. 1, 1988;--Am. 1995, Act 202, Imd. Eff.
078 Nov. 29, 1995;--Am. 1996, Act 405, Imd. Eff. Oct. 21, 1996.

067

067 487.451i Property/casualty insurance as condition to loan;
067 limitation on amount required; amount as condition of sale,
067 transfer, or assignment.

067

084 Sec. 151i. (1) Except as provided in subsection (2), a bank
084 that requires a mortgagor to maintain property/casualty insurance
084 as a condition to receiving a mortgage loan shall not require the
084 amount of the property/casualty insurance to be greater than the
084 replacement cost of the mortgaged building or buildings.

084

084 (2) A bank may require an amount of property/casualty insurance
084 that is required of the bank as a condition of a sale, transfer,
084 or assignment of all or part of the mortgage to a third party.
084 This subsection does not require that the bank anticipate a sale,
084 transfer, or assignment at the time the mortgage loan is made.

084

078 History: Add. 1995, Act 198, Imd. Eff. Nov. 29, 1995.

067

067 487.451j Bank engaged in or owning real estate brokerage
067 business.

067

084 Sec. 151j. (1) A bank may do either of the following:

084

084 (a) Engage directly in the real estate brokerage business as
084 provided under article 25 of the occupational code, Act No. 299
084 of the Public Acts of 1980, being sections 339.2501 to 339.2578
084 of the Michigan Compiled Laws.

084

084 (b) Own in whole or in part a real estate brokerage business as
084 provided under Act No. 299 of the Public Acts of 1980.

084

084 (2) A bank that engages directly in the real estate brokerage
084 business or owns in whole or in part a real estate brokerage
084 business shall provide written notice of its licensure as a real
084 estate broker or its ownership of a real estate brokerage
084 business to the commissioner within 10 days of licensure or
084 ownership. The notice required by this subsection shall include
084 the name and business address of the real estate brokerage.

084

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

084

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

084

084 (b) Impose a requirement, verbally or in writing, that as a
084 condition of approving a loan a borrower shall contract or enter

084 into any other arrangement for real estate brokerage services.

084

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

084

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

084

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

084

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

084

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

084

084 (4) A bank that engages directly in the real estate brokerage
084 business or owns in whole or in part a real estate brokerage

084 business under this section shall clearly disclose in writing to
084 any person who applies for credit related to a real estate
084 transaction or applies for prequalification or preapproval for
084 credit related to a real estate transaction, that the person is
084 not required to contract for or enter into an arrangement for
084 real estate brokerage services with a particular real estate
084 broker. Compliance with the disclosure requirements of this
084 subsection shall not be necessary when a person applies for
084 credit or prequalification for credit solely for the purpose of
084 refinancing an existing indebtedness.

084

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

084

084 (6) The requirements of subsections (4) and (5) do not apply
084 when the person has been given the controlled business
084 arrangement disclosure statement required by the real estate
084 settlement procedures act of 1974, Public Law 93-533,
084 88 Stat. 1724.

084

084 (7) If the commissioner finds that a bank has violated this
084 section, the commissioner may issue an order requiring the bank
084 to cease and desist the activity that violates this section. If
084 the commissioner additionally finds that the violation was
084 knowingly committed, the commissioner may order any of the

084 following:

084

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

084

084 (b) That restitution be made to a customer for actual damages
084 directly attributable to the acts that are found to be a
084 violation of this section.

084

084 (8) An action under this section shall not be brought more than
084 3 years after the occurrence of the violation that is the basis
084 of the action.

084

078 History: Add. 1996, Act 405, Eff. Nov. 1, 1996.

067

067 487.452 Construction of powers granted in SS 487.151 and
067 487.151a.

067

084 Sec. 152. The powers granted in sections 151 and 151a shall not
084 be construed as limiting or enlarging any grant of authority made
084 elsewhere by this act except as provided in section 151(19).
084 Except as otherwise provided in this act or in the articles or in
084 the bylaws, such powers shall be exercised by the board of
084 directors of the bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1972, Act
078 188, Imd. Eff. June 21, 1972;--Am. 1988, Act 311, Eff. Jan. 1,
078 1989;--Am. 1991, Act 12, Imd. Eff. Apr. 25, 1991.

067

067 487.454 Investment securities.

067

084 Sec. 154. A bank may purchase, sell, underwrite, and hold
084 investment securities which are obligations in the form of bonds,
084 notes or debentures of such type and to the extent permitted from
084 time to time by order of the commissioner. A bank may hold,
084 without limit, investment securities which are obligations of the
084 United States, or obligations which are guaranteed fully as to
084 principal and interest by the United States, or any general
084 obligations of any state or of any political subdivision of a
084 state.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1985, Act
078 177, Imd. Eff. Dec. 6, 1985;--Am. 1988, Act 200, Eff. Aug. 1,
078 1988.

078

078 Administrative rules: R 487.1101 et seq. of the Michigan
078 Administrative Code.

067

067 487.457 Changing location of main office or principal office.

067

084 Sec. 157. Upon written notice to the commissioner, a bank may
084 change the location of its main office to any existing branch
084 location of the bank within the limits of the city, village, or
084 township in which the bank is located. With the prior written
084 approval of the commissioner, a bank may change the location of
084 its principal office to any other location within this state.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1988, Act

078 200, Eff. Aug. 1, 1988.

067

067 487.459 Stock and securities transactions; limitation.

067

084 Sec. 159. (1) Except for its own capital stock or the capital
084 stock of an affiliate of the bank, a bank shall not engage in a
084 transaction with respect to shares of the capital stock of a
084 corporation unless specifically authorized by this act or by the
084 commissioner under this act.

084

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

084

084 (3) A bank shall not make a loan on or discount the security of
084 the shares of its own capital stock unless the security is
084 necessary to prevent loss upon a debt previously contracted in
084 good faith.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1970, Act
078 148, Imd. Eff. Aug. 1, 1970;--Am. 1985, Act 177, Imd. Eff.
078 Dec. 6, 1985;--Am. 1988, Act 200, Eff. Aug. 1, 1988;--Am. 1994,
078 Act 399, Imd. Eff. Dec. 29, 1994;--Am. 1996, Act 288, Imd. Eff.
078 June 17, 1996.

067

067 487.461 Foreign banking; powers; application; contents;
067 approval.

067

084 Sec. 161. (1) A bank possessing a capital and surplus of
084 \$1,000,000.00 or more may file application with the commissioner

084 for permission to exercise, upon conditions and under such
084 regulations as may be prescribed by the commissioner, the
084 following powers:

084

084 (a) To establish branches in foreign countries for the
084 furtherance of foreign commerce of the United States and to act,
084 if required to do so, as fiscal agents of the United States.

084

084 (b) To invest an amount not exceeding in the aggregate 10% of
084 its paid in capital stock and surplus in the stock of 1 or more
084 banking organizations or corporations chartered or incorporated
084 under the laws of the United States or of any state, territory,
084 or protectorate of the United States, and principally engaged in
084 international or foreign banking, either directly or through the
084 agency, ownership, or control of foreign banks.

084

084 (c) To acquire and hold, directly or indirectly, stock or other
084 evidences of ownership in 1 or more foreign banks that are not
084 engaged, directly or indirectly, in any activity in the United
084 States except as, in the judgment of the commissioner, is
084 incidental to the international or foreign business of the
084 foreign bank, and to make loans or extensions of credit to or for
084 the account of the foreign bank in the manner and within the
084 limits prescribed by the commissioner by general or specific rule
084 or ruling.

084

084 (2) An application under this section shall specify the name
084 and capital and surplus of the bank filing it, the powers applied
084 for and the places where the banking operations are to be carried

084 on. The commissioner may approve or reject the application in
084 whole or in part if for any reason the granting of the
084 application is considered inexpedient and from time to time may
084 increase or decrease the number of places where the banking
084 operations may be carried on.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1995, Act
078 202, Imd. Eff. Nov. 29, 1995.

067

067 487.462 Foreign banking; information given upon demand of
067 commissioner; examinations.

067

084 Sec. 162. Every bank operating foreign branches shall furnish
084 information concerning the condition of the branches to the
084 commissioner upon demand, and every bank investing in capital
084 stock of banking organizations or corporations as provided in
084 sections 161 to 165 shall furnish information concerning the
084 condition of the banking organizations or corporations to the
084 commissioner upon demand. The commissioner may order special
084 examinations of the branches, banking organizations or
084 corporations at such times as he deems best.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.463 Foreign banking; agreement with commissioner;
067 investigations; disposal of holdings.

067

084 Sec. 163. Before any bank is permitted to purchase stock in any
084 such banking organizations or corporations, the banking

084 organizations or corporations shall enter into an agreement or
084 undertaking with the commissioner to restrict their operations or
084 conduct their businesses in such manner or under such limitations
084 and restrictions as the commissioner may prescribe for the places
084 wherein the business is to be conducted. If at any time the
084 commissioner has ascertained that the rules prescribed by him are
084 not being complied with, he may institute an investigation of the
084 matter and send for persons and papers, subpoena witnesses and
084 administer oaths in order to satisfy himself as to the actual
084 nature of the transactions referred to. If the investigation
084 results in establishing the failure of the banking organization
084 or corporation in question, or of the bank which may be a
084 stockholder therein, to comply with the rules laid down by the
084 commissioner the bank may be required to dispose of stockholdings
084 in the banking organization or corporation upon reasonable
084 notice.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.464 Foreign banking; independent accounts.

067

084 Sec. 164. Every bank operating foreign branches shall conduct
084 the accounts of each foreign branch independently of the accounts
084 of other foreign branches established by it and of its home
084 office and at the end of each year shall transfer to its general
084 ledger the profit or loss accrued to each branch as a separate
084 item.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.465 Foreign banking; rules.

067

084 Sec. 165. Rules issued by the commissioner, in addition to
084 regulating powers which a foreign branch may exercise under other
084 provisions of law, may authorize a foreign branch, subject to
084 such conditions and requirements as the rules prescribe, to
084 exercise such further powers as may be usual in connection with
084 the transaction of the business of banking in the places where
084 the foreign branch transacts business. The rules shall not
084 authorize a foreign branch to engage in the general business of
084 producing, distributing, buying or selling goods, wares or
084 merchandise. Except to such limited extent as the commissioner
084 may deem to be necessary with respect to securities issued by any
084 foreign government or any department, district, province, county,
084 possession, or other similar governmental organization or
084 subdivision of a foreign government, and any agency or
084 instrumentality of any foreign government or of any organization
084 or subdivision, the rules shall not authorize a foreign branch to
084 engage or participate, directly or indirectly, in the business of
084 underwriting, selling or distributing securities.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.466 Foreign banking; contract liability, expropriation.

067

084 Sec. 166. (1) Notwithstanding section 1105 of Act No. 174 of
084 the Public Acts of 1962, being section 440.1105 of the Compiled
084 Laws of 1948, any bank doing business in this state, under

084 whatever authority organized, which has 1 or more branch offices
084 in any foreign country shall be liable for contracts to be
084 performed at any branch offices and for deposits to be repaid at
084 such branch offices to no greater extent than a bank, banking
084 corporation or other organization or association for banking
084 purposes organized and existing under the laws of such foreign
084 country would be liable under its laws. The laws of the foreign
084 country for the purpose of this section shall be deemed to
084 include all acts, decrees, regulations and orders promulgated or
084 enforced by a dominant authority asserting governmental, military
084 or police power of any kind at the place where any branch office
084 is located, whether or not such dominant authority is recognized
084 as a de facto or de jure government.

084

084 (2) Notwithstanding section 1105 of Act No. 174 of the Public
084 Acts of 1962, if by action of any dominant authority which is not
084 recognized by the United States as the de jure government of the
084 foreign territory concerned, any property situated in or any
084 amount to be received in the foreign territory and carried as an
084 asset of any branch office of the bank in the foreign territory
084 is seized, destroyed or canceled, then the liability of the bank
084 for any deposit theretofore received and thereafter to be repaid
084 by it, and for any contract theretofore made and thereafter to be
084 performed by it, at any branch office in the foreign territory
084 shall be reduced pro tanto by the proportion that the value, as
084 shown by the books or other records of the bank at the time of
084 such seizure, destruction or cancellation of such assets bears to
084 the aggregate of all the deposit and contract liabilities of the
084 branch offices of such bank in the foreign territory, as shown at

084 such time by the books or other records of such bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.469 Institution as owner or lessor of personal property;

067 nature of lease transactions and lease payments; taxation;

067 limitation on acquisition of personal property.

067

084 Sec. 169. (1) An institution may become the owner or lessor of
084 personal property acquired upon the specific request and for the
084 use of a customer and may incur additional obligations as may be
084 incident to becoming an owner or lessor of such property.

084

084 (2) The lease transactions shall not constitute obligations for
084 the purpose of sections 196 to 198 and lease payments shall
084 constitute rent rather than interest.

084

084 (3) The provisions of this section shall not be considered to
084 exempt from general property taxation any personal property of an
084 institution or national bank that is leased, loaned, or otherwise
084 made available to and used by a private individual, association,
084 or corporation in connection with a business conducted for
084 profit. The personal property shall be subject to taxation in the
084 same amount and to the same extent as though the lessee or user
084 were the owner of the property. Taxes shall be assessed to the
084 lessees or users of the property and collected in the same manner
084 as taxes assessed to owners of personal property, except that the
084 taxes shall not become a lien against the property. When due, the
084 taxes shall constitute a debt due from the lessee or user to the

084 unit of government for which the taxes were assessed.

084

084 (4) Notwithstanding the restrictions under subsection (1), an
084 institution may acquire and hold personal property, including
084 equipment, for the purpose of leasing the property or obtaining
084 an assignment of a lessor's interest in a lease of the property.

084 An institution shall not acquire personal property under this
084 section if the acquisition results in an inventory of personal
084 property not leased in excess of 20% of the institution's capital
084 and surplus.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1987, Act
078 104, Imd. Eff. July 7, 1987;--Am. 1995, Act 202, Imd. Eff.
078 Nov. 29, 1995.

067

067 487.471 Branch or branches; establishment and operation; mobile
067 branch; moving location of branch; contracting with another
067 bank to act as branch; services; additional office;
067 establishment and operation by out-of-state or foreign bank.

067

084 Sec. 171. (1) Upon written notice to the commissioner, a bank
084 may establish and operate a branch or branches within any state,
084 the District of Columbia, or a territory or protectorate of the
084 United States unless the commissioner objects in writing within
084 60 days after receipt of the written notice from the bank. The
084 commissioner may issue a written statement of intent not to
084 object at any time before the expiration of the 60 days.

084

084 (2) The notice of intent to establish a mobile branch shall

084 contain a statement by the applying bank that it intends to move
084 the location of the physical structure of the branch from time to
084 time.

084

084 (3) Except for a mobile branch, a branch of a bank shall not be
084 moved from 1 location to another without 30 days advance written
084 notice to the commissioner.

084

084 (4) Upon written notice to the commissioner, a bank may
084 contract with 1 or more banks, out-of-state banks, national
084 banks, associations, or savings banks to act as a branch to
084 provide services to the customers of the contracting bank unless
084 the commissioner objects in writing within 60 days after receipt
084 of the written notice from the bank. The commissioner may issue a
084 written statement of intent not to object at any time prior to
084 the expiration of the 60 days. This subsection shall not be
084 construed to limit the powers granted to a bank under
084 section 151(31).

084

084 (5) Upon written notice to the commissioner, 1 or more
084 out-of-state banks, national banks, associations, or savings
084 banks may contract with a bank to provide services to the
084 customers of the contracting out-of-state bank, national bank,
084 association, or savings bank, unless the commissioner objects in
084 writing within 60 days after receipt of the written notice. The
084 commissioner may issue a written statement of intent not to
084 object at any time before the expiration of the 60 days. This
084 subsection shall not be construed to limit the powers granted to
084 a bank under section 151(31).

084

084 (6) Subject to the requirements, limitations, and restrictions
084 of subsections (1) to (3), a state agency or state foreign bank
084 branch organized under this act may establish and operate
084 additional offices in the United States and its territories and
084 protectorates.

084

084 (7) An out-of-state bank located in a state, the District of
084 Columbia, or a territory or protectorate of the United States
084 whose laws permit the establishment in that state, district,
084 territory, or protectorate of a branch by a bank may establish
084 and operate 1 or more branches in this state.

084

084 (8) An out-of-state bank may apply to organize a branch in this
084 state under this act by providing to the commissioner proof that
084 its deposits are insured by an agency of the United States
084 government. If the commissioner determines after receipt of this
084 proof and the notices required under subsections (9) and (14),
084 that the out-of-state bank is safe and sound, that the
084 out-of-state bank is subject to regulation, and that there exists
084 an agreement for exchange of supervisory information between the
084 bureau and the out-of-state bank's regulator, the commissioner
084 shall provide to the out-of-state bank a certificate of
084 organization and eligibility to accept deposits and investments
084 of public funds of the state and local units of government.

084

084 (9) An out-of-state bank operating in this state shall
084 designate and maintain an agent located in this state upon whom
084 process for judicial and administrative matters may be served and

084 shall provide written notice containing the name and address of
084 its agent to the commissioner before commencing operations in
084 this state.

084

084 (10) An out-of-state bank operating in this state shall notify
084 the commissioner in writing of any change in its designated agent
084 or the agent's address within 10 days following the effective
084 date of the change.

084

084 (11) A foreign bank branch that has designated a home state
084 other than Michigan may establish and operate 1 or more
084 additional offices in this state.

084

084 (12) A foreign bank operating in this state shall designate and
084 maintain an agent located in this state upon whom process for
084 judicial and administrative matters may be served and shall
084 provide written notice containing the name and address of its
084 agent to the commissioner before commencing operations in this
084 state.

084

084 (13) A foreign bank operating in this state shall notify the
084 commissioner in writing of any change in its designated agent or
084 the agent's address within 10 days following the effective date
084 of the change.

084

084 (14) Prior to commencing operations at a branch in this state,
084 an out-of-state bank or national bank shall file with the
084 commissioner the name of the bank, the street address and mailing
084 address, if different, of the bank's principal office, the street

084 address of the branch office, and the date when the branch is to
084 commence operations in this state.

084

084 (15) An out-of-state bank and national bank operating in this
084 state shall designate and maintain an agent located in this state
084 upon whom process for judicial and administrative matters may be
084 served and shall provide written notice containing the name and
084 address of its agent to the commissioner before commencing
084 operations in this state.

084

084 (16) An out-of-state bank or national bank operating in this
084 state shall notify the commissioner in writing of any change in
084 its designated agent or the agent's address within 10 days
084 following the effective date of the change.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1978, Act
078 17, Imd. Eff. Feb. 14, 1978;--Am. 1984, Act 250, Imd. Eff.
078 Oct. 15, 1984;--Am. 1985, Act 177, Imd. Eff. Dec. 6, 1985;--Am.
078 1988, Act 200, Eff. Aug. 1, 1988;--Am. 1993, Act 90, Imd. Eff.
078 July 9, 1993;--Am. 1995, Act 202, Imd. Eff. Nov. 29, 1995;--Am.
078 1996, Act 405, Imd. Eff. Oct. 21, 1996;--Am. 1997, Act 49, Imd.
078 Eff. June 30, 1997.

067

067 487.472 "Section 172 bank" defined; revoking, withdrawing, or
067 terminating designation as section 172 bank.

067

084 Sec. 172. (1) For purposes of this section, "section 172 bank"
084 means a bank or national banking association which has on file
084 with the commissioner a written statement and certified

084 resolution designating the bank or national banking association
084 as a section 172 bank.

084

084 (2) A designation as a section 172 bank may not be revoked,
084 withdrawn, or terminated, except as provided in this section.

084

084 (3) At any time a section 172 bank may file with the
084 commissioner a written statement revoking the designation of the
084 bank or national banking association as a section 172 bank. The
084 revocation shall be effective upon the date of filing and may not
084 be withdrawn or revoked.

084

078 History: Add. 1985, Act 177, Imd. Eff. Dec. 6, 1985;--Am. 1988,
078 Act 200, Eff. Aug. 1, 1988.

067

067 487.474 Branch operations discontinued; effect; posting of
067 notice; notification to commissioner.

067

084 Sec. 174. (1) If a bank or foreign bank permanently
084 discontinues the operations of any branch or foreign bank branch,
084 all bills, checks, and notes otherwise presentable for acceptance
084 or payment, all deposits to be made or withdrawn, all notices to
084 stop payment of checks to be given, and similar functions shall
084 be deemed transferable to, and treated as a part of, the
084 principal office of the bank or in the case of a foreign bank,
084 the principal office in this country. Unless the branch to be
084 discontinued is a mobile branch, notice of the date upon which
084 the branch or foreign bank branch shall discontinue operations
084 shall be posted conspicuously and continuously in the office

084 lobby of the branch or foreign bank branch to be discontinued at
084 least 14 days prior to discontinuance.

084

084 (2) Each out-of-state bank or national bank shall notify the
084 commissioner in writing as to the effective date of the
084 discontinuance of operations of any of its branch offices in this
084 state at least 14 days before discontinuance.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1993, Act
078 90, Imd. Eff. July 9, 1993;--Am. 1995, Act 202, Imd. Eff.
078 Nov. 29, 1995;--Am. 1996, Act 405, Imd. Eff. Oct. 21, 1996.

067

067 487.481 Trust powers; application; approval; powers granted.

067

084 Sec. 181. (1) Upon application, the commissioner may grant to
084 any bank or state foreign bank branch full trust powers, as
084 provided in this section, but subject to the conditions,
084 limitations, and restrictions in this section and sections 181a
084 to 186, except that trust powers shall not be granted to a state
084 agency established and operating pursuant to chapter 3A.

084

084 (2) Upon approval of the application, the bank or state foreign
084 bank branch has the power to conduct a trust business including,
084 but not by way of limitation, the following:

084

084 (a) In and by its corporate name to take, receive, hold, repay,
084 reconvey, and dispose of any effects and property, both real and
084 personal, that may be granted, committed, transferred, or
084 conveyed to it with its consent, upon any terms or upon any trust

084 at any time, by any person, including minors, bodies corporate,
084 or by any court, including the federal courts, in the state, and
084 to administer, fulfill, and discharge the duties of the trust for
084 the remuneration as agreed upon.

084

084 (b) To act generally as agent for the transaction of business,
084 the management of estates, the collection of rents, interest,
084 dividends, and money, and the collection of principal and
084 interest on mortgages, bonds, notes, and securities for money and
084 to enforce the payment thereof, and also to act as agent for the
084 purpose of issuing, negotiating, registering, transferring, or
084 countersigning the certificates of stock, bonds, or other
084 obligations of any corporation, association, or municipality and
084 to manage any sinking fund therefor on the terms as agreed upon.

084

084 (c) To accept and to execute the offices of personal
084 representative, trustee, receiver, conservator, liquidating
084 agent, assignee, or guardian of any minor, incompetent person,
084 legally incapacitated person, or any person subject to
084 guardianship, subject to the laws of this state applicable to
084 those proceedings. In all cases when application is made to any
084 court in this state for the appointment of any trustee, receiver,
084 personal representative, or guardian of any minor, incompetent
084 person, legally incapacitated, or any other person subject to
084 guardianship, the court may appoint the bank or state foreign
084 bank branch, with its consent, to hold the office. The accounts
084 of the bank or state foreign bank branch as trustee, receiver,
084 conservator, liquidating agent, assignee, personal
084 representative, or guardian shall be regularly settled and

084 adjusted by the proper office or tribunals. All proper, legal,
084 usual, and customary charges, costs, and expenses shall be
084 allowed to the bank or state foreign bank branch for the care and
084 management of the estate so committed to it. In case of
084 appointment by any court, the bank or state foreign bank branch
084 shall not be required to give any security except in the
084 discretion of the court, other than as provided in section 184
084 for deposit with the state treasurer. If the court orders the
084 bank or state foreign bank branch to give security, the security
084 shall be a bond in an amount fixed by the court and with a surety
084 company authorized to do business in this state as surety on the
084 bond, or with personal surety or sureties on the bond
084 satisfactory to the court. If any bank or state foreign bank
084 branch is required, in the course of the administration of any
084 trust, to give a bond, whether as additional security,
084 substituted security, or otherwise, the surety on the bond shall
084 not be liable directly or indirectly for any act or default
084 committed by the bank or state foreign bank branch prior to the
084 date of the filing and approval of the bond, or for the failure
084 of the bank or state foreign bank branch to pay over on final
084 settlement if the failure to pay over is due to an act or default
084 committed prior to the filing and approval of the bond, or for
084 the failure of the bank or state foreign bank branch to collect
084 from itself or from any prior surety or sureties the amount of
084 any loss due to any act or default committed by the bank prior to
084 the date of the filing and approval of the bond.

084

084 (d) To exercise by its board of directors or authorized
084 officers or agents, subject to law, all incidental powers as are

084 necessary to carry on a trust business.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1983, Act
078 214, Imd. Eff. Nov. 11, 1983;--Am. 1984, Act 250, Imd. Eff.
078 Oct. 15, 1984;--Am. 1995, Act 202, Imd. Eff. Nov. 29, 1995.

078

078 Compiler's note: In the second sentence of subsection (c), the
078 phrase "legally incapacitated" evidently should read "legally
078 incapacitated person."

067

067 487.481a Definitions; agreement between bank and other legal
067 entity to carry on trust services; approval of agreement;
067 substitution of trust service provider for host bank as
067 fiduciary or agent; notice of substitution; applicability of
067 subsections (1), (5), and (6).

067

084 Sec. 181a. (1) As used in this section:

084

084 (a) "Host bank" means a bank, national bank, association,
084 savings bank, or other legal entity for which trust services are
084 provided by any other bank, out-of-state bank, national bank,
084 association, or savings bank.

084

084 (b) "Trust service provider" means a bank or national bank
084 providing trust services to any other bank, out-of-state bank,
084 national bank, association, savings bank, or other legal entity.

084

084 (c) "Banking office" means a main office or authorized branch
084 of a bank, out-of-state bank, national bank, association, or

084 savings bank.

084

084 (2) A bank granted full trust powers may contract by written
084 agreement with any other legal entity to carry on trust services
084 in its name and for its account at 1 or more of the offices of
084 the other legal entity.

084

084 (3) A bank may contract by written agreement with any other
084 legal entity exercising full trust powers to carry on trust
084 services at 1 or more of its banking offices but in the name and
084 for the account of the other legal entity.

084

084 (4) An agreement provided for in this section, including any
084 lease, or a modification or extension of an agreement, is not
084 effective as to the bank until it is approved in writing by the
084 commissioner. The commissioner may approve or disapprove the
084 agreement based on the sufficiency of the capital and surplus of
084 the bank and other facts or circumstances that the commissioner
084 considers proper.

084

084 (5) Thirty days after a host bank mails a notice of
084 substitution as provided in subsection (6), a trust service
084 provider shall be substituted for a host bank as fiduciary or
084 agent and succeed to the title of assets held by a host bank in a
084 fiduciary capacity for each account in which the host bank, under
084 the terms of a trust service agreement approved by the
084 commissioner, will no longer serve as fiduciary or agent. A trust
084 service provider shall not be substituted for the host bank for
084 an account in which the recipient of a notice of substitution

084 objects to the substitution in the manner provided in subsection
084 (6).

084

084 (6) For each account in which a trust service provider is
084 substituted for a host bank under the terms of a trust service
084 agreement, a written notice of substitution shall be sent by the
084 host bank by certified mail. The notice of substitution shall
084 include the date the notice was mailed and explain that the trust
084 service provider will not be substituted for the host bank for
084 the account if the recipient of the notice sends a written
084 objection to the host bank by first-class mail within 30 days
084 after the date the notice was mailed. The notice of substitution
084 shall be sent to the following:

084

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

084

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

084

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

084

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

084

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

084

084 (f) For irrevocable trusts under agreement, to any
084 co-fiduciary, to the settlor, to each current income beneficiary
084 who is an adult, and, if a current income beneficiary is a minor,

084 to a parent of the minor with whom the minor resides or to the
084 conservator or guardian of the minor. The notice to the settlor
084 shall not grant to the settlor any authority over the trust or
084 trustee that the settlor does not already have, including the
084 authority to object to the substitution of a trust service
084 provider for a host bank. For purposes of this subdivision,
084 "current income beneficiary" means a person currently entitled to
084 income or a person to whom the trustee, in the trustee's
084 discretion, may pay principal or income.

084

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

084

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

084

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

084

084 (j) For probate estates, to any co-fiduciary, to any interested
084 party as defined by section 7 of the revised probate code, Act
084 No. 642 of the Public Acts of 1978, being section 700.7 of the
084 Michigan Compiled Laws, and to the probate court that appointed

084 the host bank as personal representative.

084

084 (7) Subsections (1), (5), and (6) apply to trust service

084 agreements in effect on or after December 6, 1985.

084

078 History: Add. 1975, Act 50, Imd. Eff. May 20, 1975;--Am. 1985,

078 Act 177, Imd. Eff. Dec. 6, 1985;--Am. 1987, Act 104, Imd. Eff.

078 July 7, 1987;--Am. 1995, Act 202, Imd. Eff. Nov. 29, 1995;--Am.

078 1996, Act 288, Imd. Eff. June 17, 1996.

067

067 487.482 Segregation of assets held in fiduciary capacity;

067 separate set of books and records; separation of trust

067 department business from commercial business; commingling,

067 consolidation, and deposit of funds held in trust; securities

067 equal at face value to funds held and used; lien on securities.

067

084 Sec. 182. (1) A bank exercising a trust power as provided in

084 sections 181 to 186 shall segregate all assets held in a

084 fiduciary capacity from the general assets of the bank, shall

084 keep a separate set of books and records showing in proper detail

084 all transactions engaged in under the authority of sections 181

084 to 186, and at all times shall keep the bank's trust department

084 business separate and distinct from the bank's commercial banking

084 business.

084

084 (2) Funds, at any time and from time to time, held in trust by

084 the bank, awaiting investment or other disposition, may be

084 commingled and consolidated, and may be deposited in other banks

084 not affiliated with the bank as designated by the board of

084 directors or may be held at any time and from time to time by the
084 bank under a deposit relationship and used by the bank in the
084 conduct of the bank's individual corporate business but only to
084 the extent and when the bank shall set aside for the protection
084 of the owners of the funds obligations of the United States,
084 obligations which are guaranteed fully as to principal and
084 interest by the United States, general obligations of this state
084 or of any political subdivision of this state, or other
084 securities approved by the commissioner equal at face value to
084 the amount of the funds held and so used less the amount of the
084 funds which are insured by the federal deposit insurance
084 corporation. If the bank fails, the owners of the funds held in
084 trust, awaiting investment or other disposition, shall have a
084 lien on the securities set apart in addition to any other claims
084 against the bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1970, Act
078 148, Imd. Eff. Aug. 1, 1970;--Am. 1978, Act 434, Imd. Eff. Oct.
078 5, 1978.

067

067 487.483 Trust powers; granting; limitations.

067

084 Sec. 183. (1) In passing upon applications for permission to
084 exercise full fiduciary powers as provided in section 181, the
084 commissioner shall take into consideration the following, and he
084 may grant or refuse the application accordingly:

084

084 (a) The sufficiency of the capital and surplus of the applying
084 bank.

084

084 (b) Any other facts or circumstances which he deems proper.

084

084 (2) Without regard to the capital and surplus requirements
084 specified in subsection (1), the commissioner may grant to a bank
084 the limited trust power to act as executor, administrator or
084 guardian and to serve as a testamentary trustee.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.484 Securities; deposition; kinds; safekeeping receipt;
067 certificate; interest; liquidation.

067

084 Sec. 184. (1) Before any bank has commenced exercising trust
084 powers, it shall deposit with the state treasurer securities of a
084 value equal to not less than 50% of the amount of its capital
084 stock or \$500,000.00, whichever is the lesser. The securities
084 shall be obligations of the United States, obligations which are
084 guaranteed fully as to principal and interest by the United
084 States, general obligations of this state or of any political
084 subdivision thereof or other securities approved by the
084 commissioner and shall be held by the state treasurer, in trust,
084 as security for the trust creditors of the bank. The state
084 treasurer may accept in lieu of the actual deposit of such
084 securities a safekeeping receipt from a duly qualified depository
084 institution designated by the state treasurer, which safekeeping
084 receipt shall acknowledge the possession of the securities and
084 that they are held subject only to the order of the state
084 treasurer. The existence of such deposit and the amount thereof

084 shall be considered by any court in connection with the
084 requirement of the court with respect to the giving of security
084 by the bank for the discharge of its obligations in the execution
084 of the office of executor, administrator, trustee, receiver or
084 assignee, or guardian of any minor, incompetent person, mental
084 incompetent or any person subject to guardianship. Upon the
084 deposit being made, the state treasurer shall issue to the bank a
084 certificate of such fact, and securities or such safekeeping
084 receipts equal in value, to be determined by the commissioner,
084 shall remain on deposit in the state treasury. The state
084 treasurer shall pay over to such bank, as soon as collected, the
084 interest and income received on the securities so deposited or he
084 shall authorize the bank to collect the same for its own benefit.

084

084 (2) When a bank goes into liquidation in the manner prescribed
084 by this act, the deposit shall be returned by the state treasurer
084 to the liquidating committee or liquidating agent appointed by
084 the shareholders of such bank, to be applied under the direction
084 of the commissioner by the liquidating committee or liquidating
084 agent. If a receiver is appointed for the bank, the deposit of
084 securities shall be returned to the receiver to be applied as the
084 circuit court may order. If pursuant to a plan of reorganization
084 of the bank, the deposit of securities are assigned by the bank
084 to a liquidating committee, liquidating trustees or liquidating
084 agents, or if the securities are to be liquidated by the bank
084 itself, the deposit of securities, upon written order of the
084 commissioner, shall be returned to the liquidating committee,
084 liquidating trustees, liquidating agents or bank, to be applied
084 under the direction of the commissioner.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.485 Funds or property held by a bank as fiduciary;
067 investment; "registered investment company" defined.

067

084 Sec. 185. (1) Funds or property held by a bank as fiduciary and
084 available for investment shall be invested at the time and in the
084 manner specified by the agreement, instrument, or order creating
084 or defining the trust or other capacity in which the bank is
084 acting or, where the bank holds the funds or property as agent,
084 as directed or permitted by the bank's principal. In the absence
084 of investment specifications or limitations in the agreement,
084 instrument, or order, funds or property held by a bank as
084 fiduciary shall within a reasonable time be invested in real or
084 personal property, of whatever type or nature, as an ordinarily
084 prudent person of intelligence and integrity who is a trustee of
084 the money of others would purchase, in the exercise of reasonable
084 care, judgment, and diligence under the conditions existing at
084 the time of purchase, having due regard, in the case of a
084 purchase of securities, for the management, reputation, and
084 stability of the issuer and the character of the particular
084 securities.

084

084 (2) Except as otherwise permitted by law, a court order, or the
084 agreement, instrument, or order creating or defining the trust,
084 or other capacity in which the bank is acting or with the consent
084 of all interested parties or their representatives, or where the
084 bank holds the funds or property as agent, as directed or

084 permitted by the bank's principal, funds or property held by a
084 bank as fiduciary shall not be invested in any securities or
084 other properties, real or personal, purchased from the bank in
084 its individual capacity or from any affiliate of the bank.

084

084 (3) Notwithstanding any other statutory or common law, except
084 when the agreement, instrument, or order creating or defining the
084 trust or other capacity in which the bank, or the bank and 1 or
084 more cofiduciaries, is acting prohibits the investment, a bank,
084 or a bank and 1 or more cofiduciaries, may invest in a registered
084 investment company any funds or property with respect to which
084 the bank, or the bank and 1 or more cofiduciaries, exercises
084 investment discretion, even though either or both of the
084 following apply:

084

084 (a) The bank or an affiliate of the bank provides services as
084 investment adviser, sponsor, distributor, manager, custodian,
084 transfer agent, registrar, or otherwise, to the investment
084 company and receives reasonable remuneration for those services.

084

084 (b) The bank as fiduciary owns or controls a majority of the
084 voting shares of the investment company or a majority of the
084 shares voted for the election of its directors or trustees or the
084 bank as fiduciary otherwise controls the election of a majority
084 of its directors or trustees.

084

084 (4) As used in subsection (3), "registered investment company"
084 means an investment company that is registered under the
084 investment company act of 1940, title I of chapter 686,

084 54 Stat. 789.

084

084 (5) For purposes of this section, a bank is considered to be
084 holding funds or property in a fiduciary capacity if it is
084 holding the assets as trustee, personal representative,
084 custodian, conservator, guardian, agent, or in any other
084 fiduciary capacity.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1992, Act
078 34, Imd. Eff. Apr. 21, 1992.

067

067 487.486 Trust powers; rules.

067

084 Sec. 186. The commissioner may promulgate such rules necessary
084 to enforce compliance with the provisions of sections 181 to 186
084 and to provide for the proper exercise of the powers granted
084 therein.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.488 Safe deposit and storage department; safe and collateral
067 deposit company; bank's liability; lien for unpaid rental and
067 storage charges.

067

084 Sec. 188. (1) Any bank may operate a safe deposit and storage
084 department or invest an amount not exceeding in the aggregate 15%
084 of its unimpaired capital stock and surplus in the stock of not
084 more than 1 safe and collateral deposit company organized under
084 the laws of this state.

084

084 (2) If a bank operates a safe deposit and storage department,
084 the legal liability of the bank on account of any loss to a
084 customer shall not exceed the sum of \$10,000.00 for any 1 box or
084 compartment, including all property accepted for storage outside
084 of the box or compartment. The bank may contract with the renter
084 to have the renter assume all risks arising from the use of the
084 box, compartment or storage.

084

084 (3) The bank shall have a lien for unpaid rental and storage
084 charges on the contents of any box or compartment and any
084 property accepted for storage outside of the box or compartment.
084 If the charges are not paid within 1 year from the date of
084 accrual, then the bank may sell the property at public auction
084 upon like notice as is required by law for sales on execution.
084 After retaining from the proceeds of sale the amount of all
084 charges due and owing at the time of the sale, and the reasonable
084 expenses of the sale, the bank shall pay the balance, if any,
084 upon proper showing to the persons entitled thereto. The bank may
084 fairly and in good faith purchase the property, or any part
084 thereof, at the sale.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.489 Real estate; lease, purchase, holding and conveyance by
067 bank.

067

084 Sec. 189. (1) A bank may lease, purchase, hold and convey real
084 estate for the following purposes, but for no other:

084

084 (a) Such as shall be necessary for the convenient transaction
084 of its business, including with its banking offices other space
084 in the same buildings to rent as lessor. Without the approval of
084 the commissioner, a bank shall not invest in bank premises, or in
084 the stock, bonds, debentures or other such obligations of any
084 corporation holding the premises of the bank or make loans to or
084 upon the security of the stock, bonds and debentures of any such
084 corporation, if the aggregate of all such investments and loans,
084 together with the amount of any indebtedness incurred in
084 connection with a bank premises real estate transaction by any
084 such corporation which is an affiliate of the bank, exceeds $\frac{2}{3}$
084 of the capital and surplus of the bank.

084

084 (b) Such as shall be conveyed to it in satisfaction of debts
084 previously contracted in the course of its business.

084

084 (c) Such as it shall purchase at sales under judgments, decrees
084 or mortgages held by the bank or shall purchase to secure debts
084 due to it.

084

084 (d) Such as it shall legally own on the effective date of this
084 act.

084

084 (e) Such as shall be conveyed to it under the provisions of
084 sections 181 to 186.

084

084 (f) Such as it may acquire in connection with the purchase by
084 it of a land contract but the acquisition of such real estate and

084 the purchase of such land contract constitutes a loan secured by
084 real estate within the meaning of section 194. At the termination
084 of such land contract, the bank must divest itself of such real
084 estate within 1 year after termination or such additional period
084 as the commissioner may approve.

084

084 (g) Such as it may acquire upon the specific request and for
084 the use of a customer by lease arrangement with the bank, but the
084 acquisition of such real estate and leasing to the customer
084 constitutes a loan secured by real estate within the meaning of
084 section 194. At the termination of such lease, the bank must
084 divest itself of such real estate within 1 year after termination
084 or such additional period as the commissioner may approve.

084

084 (2) Real estate shall be conveyed under the corporate seal of
084 the bank and the signature of such officers as may be authorized
084 by its board of directors.

084

084 (3) Real estate acquired in the cases contemplated in
084 subdivisions (b) and (c) of subsection (1) shall not be held for
084 a longer period than 5 years or such extended period thereafter
084 as may be approved by the commissioner.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.491 Collection of interest and charges on loans.

067

084 Sec. 191. Banks may collect interest and charges on loans as
084 follows:

084

084 (a) On any loan made pursuant to an existing credit card
084 arrangement or other agreement existing prior to the loan whereby
084 the bank honors the borrower's draft, pays or agrees to pay the
084 borrower's obligations, purchases the borrower's obligation, or
084 advances money to or for the account of the borrower, and in
084 which the loan finance charges are not precomputed but are
084 computed from time to time on the basis of the unpaid balances,
084 interest, and charges in a combined amount of not to exceed 1.5%
084 of the unpaid balance per month.

084

084 (b) On any existing credit card arrangement or future credit
084 card arrangement banks may not charge a discount of more than 5%
084 of the gross amount of obligations purchased by the bank.

084

084 (c) On installment loans which are repayable in uniform weekly,
084 semimonthly, monthly, quarterly, or semiannual installments,
084 except for the final installment which may be less than the
084 amount of any previous installment, and the term of which loan
084 does not exceed a period of 84 months and 32 days:

084

084 (i) For an installment loan for the purchase of a motor
084 vehicle, a rate of interest equivalent to 16.5% or less per annum
084 on the unpaid balance, and on loans made after June 1, 1981, a
084 rate of interest equivalent to 12.83% or less per annum on the
084 unpaid balance.

084

084 (ii) For any other installment loan under this subdivision, a
084 rate of interest equivalent to 12.83% or less per annum on the

084 unpaid balance. In addition, banks may collect on any installment
084 loan a charge for expenses of \$1.00 for each \$50.00 or fraction
084 thereof but not in excess of \$15.00. If the annual percentage
084 rate computed in accordance with the disclosure requirements of
084 title I of the consumer credit protection act, 15 U.S.C. 1601 to
084 1667e, and the regulations promulgated under that act, is not
084 thereby increased, then the installment loan may provide for
084 interest computed and payable on unpaid balances instead of being
084 added in advance. In that event, the final installment may be
084 larger than the amount of any previous installment to the extent
084 that is necessary to cover a deferred interest charge which may
084 have accrued due to installment payments being received later
084 than the periodic installment due date. The deferred interest
084 charge shall be computed on the basis of additional interest
084 charges accruing for late installment payments and appropriate
084 interest reductions for installment payments made before the due
084 date. The bank shall notify the borrower of the deferred interest
084 charge not less than 25 days before the due date of the final
084 installment. If the final installment payment is more than 105%
084 of a previous installment, the borrower shall be given the option
084 to pay the deferred interest charge not more than 25 days after
084 the date the last installment payment is due.

084

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

084

084 (e) On any loan not covered by subdivision (a), (b), (c), or
084 (d), as provided by section 192.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1970, Act
078 148, Imd. Eff. Aug. 1, 1970;--Am. 1974, Act 192, Imd. Eff. July
078 2, 1974;--Am. 1980, Act 80, Imd. Eff. Apr. 7, 1980;--Am. 1980,
078 Act 132, Imd. Eff. May 27, 1980.

067

067 487.492 Interest and charges on loans; investigation fee or
067 handling charge.

067

084 Sec. 192. A bank or any officer or employee thereof shall not,
084 directly or indirectly, take or receive more than the rate of
084 interest allowed by law in advance on its loans and discounts.
084 Except as otherwise provided by law, a bank may charge an
084 investigation fee or handling charge in connection with any one
084 transaction of not to exceed \$6.00 and such fee or charge shall
084 not be considered as interest but such investigation fee or
084 handling charge shall not be made on any transaction renewing or
084 continuing an original transaction.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.493 Interest on deposits; regulation.

067

084 Sec. 193. (1) A bank shall not, directly or indirectly, by any
084 device whatsoever, pay any interest on any deposit which is
084 payable on demand. If national banking associations are permitted
084 to pay interest on demand deposits, the commissioner, by

084 appropriate rule, may permit state banks to pay interest on
084 demand deposits in the same manner and at the same rate accorded
084 national banking associations.

084

084 (2) Insofar as inconsistent with the provisions of this
084 section, any act or part of an act requiring the payment of
084 interest by banks on trust funds or any or all public funds as
084 hereinbefore prescribed is superseded.

084

084 (3) From time to time the commissioner may regulate the payment
084 of interest on all other deposits in the case of a bank which is
084 not a member of either the federal reserve system or the federal
084 deposit insurance corporation.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

078

078 Administrative rules: R 487.1101 et seq. of the Michigan
078 Administrative Code.

067

067 487.494 Interest rate where primary security not first lien on
067 real estate.

067

084 Sec. 194. On a real estate loan, the primary security for which
084 is not a first lien on real estate, a bank may collect interest
084 at the rate of 15% or less per annum on the unpaid balance. This
084 section shall not impair the validity of a transaction or rate of
084 interest lawful without regard to this section.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1970, Act

078 148, Imd. Eff. Aug. 1, 1970;--Am. 1978, Act 293, Imd. Eff. July
078 10, 1978;--Am. 1985, Act 177, Imd. Eff. Dec. 6, 1985.

067

067 487.495 Accepting drafts or bills of exchange; conditions;
067 limitations; definition of terms.

067

084 Sec. 195. (1) A bank may accept drafts or bills of exchange
084 drawn upon it having not more than 6 months' sight to run,
084 exclusive of days of grace, if 1 or more of the following
084 applies:

084

084 (a) The drafts or bills of exchange grow out of transactions
084 involving the importation or exportation of goods.

084

084 (b) The drafts or bills of exchange grow out of transactions
084 involving the domestic shipment or goods.

084

084 (c) The drafts or bills of exchange are secured at the time of
084 acceptance by a warehouse receipt or other such document
084 conveying or securing title covering readily marketable staples.

084

084 (2) Except as provided in subsection (3), a bank shall not
084 accept such bills, or be obligated for a participation share in
084 such bills, in an amount equal at any time in the aggregate to
084 more than 150% of its paid up and unimpaired capital stock and
084 surplus.

084

084 (3) The commissioner, under conditions as the commissioner may
084 prescribe, may authorize by regulation or order any bank to

084 accept such bills, or be obligated for a participation share in
084 such bills, in an amount not exceeding at any time in the
084 aggregate 200% of its paid up and unimpaired capital stock and
084 surplus.

084

084 (4) Notwithstanding subsections (2) and (3), with respect to
084 any bank, the aggregate acceptances, including obligations for a
084 participation share in such acceptances, growing out of domestic
084 transactions shall not exceed 50% of the aggregate of all
084 acceptances, including obligations for a participation share in
084 such acceptances, authorized for the bank under this section.

084

084 (5) A bank shall not accept bills, or be obligated for a
084 participation share in such bills, whether in a foreign or
084 domestic transaction, for any 1 person, partnership, corporation,
084 association, or other entity in an amount equal at any time in
084 the aggregate to more than 10% of its paid up and unimpaired
084 capital stock and surplus, unless the bank is secured either by
084 attached documents or by some other actual security growing out
084 of the same transaction as the acceptance.

084

084 (6) With respect to a bank that issues an acceptance, the
084 limitations contained in this section shall not apply to that
084 portion of an acceptance that is issued by the bank and that is
084 covered by a participation agreement sold to another bank,
084 out-of-state bank, or national bank.

084

084 (7) In order to carry out the purposes of this section, the
084 commissioner may define any of the terms used in this section.

084

078 History: Add. 1985, Act 177, Imd. Eff. Dec. 6, 1985;--Am. 1995,
078 Act 202, Imd. Eff. Nov. 29, 1995.

078

078 Compiler's note: In subsection (1)(b) of this section,
078 "shipment or goods" evidently should read "shipment of goods".

067

067 487.496 Loans and extensions of credit; limitations;
067 definitions.

067

084 Sec. 196. (1) The total loans and extensions of credit by a
084 bank to a person, which includes an individual or any legal
084 entity, at no time shall exceed 15% of the capital and surplus of
084 the bank, except that upon approval by 2/3 vote of its board of
084 directors such limit may be increased to not to exceed 25% of the
084 capital and surplus of the bank.

084

084 (2) If the commissioner determines at any time that the
084 interests of a group of more than 1 person, copartnership,
084 association, or corporation are so interrelated that they should
084 be considered as a unit for the purpose for which credit was
084 extended, the total loans and extensions of credit of that group
084 acquired at any time shall be combined and deemed loans and
084 extensions of credit acquired from 1 customer in applying the
084 limitations of sections 196 to 198. A bank shall not be deemed to
084 have violated sections 196 to 198 solely by reason of the fact
084 that the indebtedness of a group then held exceeds the
084 limitations of sections 196 to 198 at the time of a determination
084 by the commissioner that the indebtedness of that group shall be

084 combined but if required by the commissioner, the bank shall
084 dispose of indebtedness of the group in the amount in excess of
084 the limitations of sections 196 to 198 within a reasonable time
084 determined by the commissioner.

084

084 (3) The limitations provided by subsection (1) shall not apply
084 to loans and extensions of credit described in sections 197 and
084 198.

084

084 (4) As used in this section and sections 197 and 198:

084

084 (a) "Loan and extension of credit" or "loan or extension of
084 credit" includes all direct or indirect advances of funds to a
084 person made on the basis of any obligation of that person to
084 repay the funds or repayable from specific property pledged by or
084 on behalf of the person. To the extent specified by the
084 commissioner, loan and extension of credit or loan or extension
084 of credit includes any liability of a bank to advance funds to or
084 on behalf of a person pursuant to a contractual commitment. Such
084 term does not include investment securities held by a bank
084 pursuant to section 154.

084

084 (b) "Person" means an individual, sole proprietorship,
084 partnership, joint venture, association, trust, estate, business
084 trust, corporation, sovereign government or agency or any
084 instrumentality or political subdivision thereof, or any similar
084 entity or organization.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1985, Act

078 177, Imd. Eff. Dec. 6, 1985.

067

067 487.497 Loans and extensions not subject to limitation based
067 upon capital and surplus.

067

084 Sec. 197. The following loans and extensions of credit shall
084 not be subject under sections 196 to 198 to a limitation based
084 upon the capital and surplus:

084

084 (a) A loan or extension of credit arising from the discount of
084 commercial or business paper evidencing an obligation to the
084 person negotiating it with recourse.

084

084 (b) The purchase of banker's acceptances of another bank of the
084 kind described in paragraph 7 of section 13 of the federal
084 reserve act, chapter 6, 38 Stat. 251.

084

084 (c) A loan or extension of credit to a financial institution or
084 to a receiver, conservator, or any other agent or supervising
084 authority in charge of the business and property of the financial
084 institution, when the loan or extension of credit is approved by
084 the commissioner.

084

084 (d) A loan or extension of credit to a customer, secured or
084 covered by guarantees or by commitments or agreements to take
084 over or to purchase the loan or extension of credit, made by a
084 federal reserve bank or by the United States, or a department,
084 bureau, board, commission, or establishment of the United States,
084 including a corporation wholly owned directly or indirectly by

084 the United States.

084

084 (e) A loan or extension of credit from 1 business day to the
084 next to a bank, out-of-state bank, national bank, association, or
084 savings bank of excess reserve balances from time to time
084 maintained under section 19 of the federal reserve act,
084 chapter 6, 38 Stat. 251.

084

084 (f) A loan or extension of credit secured by bonds, notes,
084 certificates of indebtedness, or treasury bills of the United
084 States or by other obligations fully guaranteed as to principal
084 and interest by the United States.

084

084 (g) A loan or extension of credit secured by a loan agreement
084 between a local public agency or a public housing agency and an
084 instrumentality of the United States pursuant to federal housing
084 legislation under which funds will be provided for payment of the
084 obligation secured by the loan agreement.

084

084 (h) A loan or extension of credit arising from securities
084 purchased under an agreement to resell.

084

084 (i) A loan or extension of credit to the student loan marketing
084 association.

084

084 (j) A loan or extension of credit fully secured by a segregated
084 deposit account in the lending bank.

084

084 (k) A loan or extension of credit arising from the acceptance

084 by a bank of drafts or bills of exchange drawn upon the bank, or
084 a bank's participation in drafts or bills of exchange drawn upon
084 and accepted by another bank, out-of-state bank, or national bank
084 in conformity with section 195.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1980, Act
078 55, Imd. Eff. Mar. 31, 1980;--Am. 1980, Act 198, Imd. Eff. July
078 10, 1980;--Am. 1985, Act 177, Imd. Eff. Dec. 6, 1985;--Am. 1991,
078 Act 12, Imd. Eff. Apr. 25, 1991;--Am. 1995, Act 202, Imd. Eff.
078 Nov. 29, 1995.

067

067 487.498 Loans and extensions of credit; limitations based on
067 capital and surplus.

067

084 Sec. 198. The following limitations based upon capital and
084 surplus shall apply:

084

084 (a) Loans and extensions of credit to a customer secured by
084 bills of lading, warehouse receipts, or similar documents
084 transferring or securing title to readily marketable staples
084 shall be subject to a limitation of 30% of capital and surplus,
084 if the market value of the staples securing the loans or
084 extensions of credit at all times equals or exceeds 115% of the
084 outstanding amount of the loans or extensions of credit. The
084 staples shall be fully covered by insurance if it is customary to
084 insure the staples.

084

084 (b) Loans or extensions of credit to a customer secured by
084 shipping documents or instruments transferring or securing title

084 covering livestock, or giving a lien on livestock, if the market
084 value of the livestock securing the obligation is not at any time
084 less than 115% of the face amount of the notes covered, shall be
084 subject to a limitation of 30% of capital and surplus. Loans or
084 extensions of credit arising from the discount by dealers in
084 dairy cattle of paper given in payment for dairy cattle, which
084 paper carries a full recourse indorsement or unconditional
084 guarantee of the seller and which are secured by the cattle being
084 sold, shall be subject to a limitation of 30% of capital and
084 surplus.

084

084 (c) Loans or extensions of credit arising from the discount of
084 negotiable or nonnegotiable installment consumer paper which
084 carries a full recourse indorsement or unconditional guarantee by
084 the person transferring the paper, shall be subject to a
084 limitation of 30% of capital and surplus. If the bank's files or
084 the knowledge of its officers of the financial condition of each
084 maker of the consumer paper is reasonably adequate, and an
084 officer of the bank designated for that purpose by the board of
084 directors of the bank certifies in writing that the bank is
084 relying primarily upon the responsibility of each maker for the
084 payment of the loans or extensions of credit, the limitations of
084 this section as to the loans and extensions of credit of each
084 maker shall be the sole applicable loan limitation. The
084 certification shall be retained as part of the records of the
084 bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1985, Act
078 177, Imd. Eff. Dec. 6, 1985.

067

067 487.499 Opening account in names of 2 or more individuals;

067 nature of joint tenancy; intent; rights and powers of

067 depositors.

067

084 Sec. 199. (1) One or more individuals may open a savings or

084 checking account with a bank in the names of 2 or more minor or

084 adult individuals. The savings or checking account contract shall

084 do all of the following:

084

084 (a) Designate that the money on deposit in the account may be

084 withdrawn by 1 or more of the depositors during the lifetimes of

084 all of them.

084

084 (b) Specify that the account and all additions to the account

084 shall be the property of the depositors as joint tenants, tenants

084 by the entireties, or as tenants in common.

084

084 (2) If specification is not made in the savings or checking

084 account contract concerning the nature of the joint tenancy

084 created, the account and all additions to the account shall be

084 the property of the persons as joint tenants, and in the absence

084 of fraud or undue influence, the opening of an account shall be

084 conclusive evidence in an action or proceeding of the intention

084 of all parties to the account to vest title to the account and

084 all additions to the account in the survivor.

084

084 (3) The power of the depositors, or any 1 or more of them to

084 obtain substitute evidence of the savings or checking account or

084 a substituted account upon loss or destruction of the evidence of
084 ownership of the account, to pledge the account in whole or in
084 part, and to execute a power of attorney with respect to the
084 account shall be coextensive with the right of the depositors to
084 make withdrawals from the account during the time all depositors
084 to the account are living.

084

078 History: Add. 1996, Act 288, Imd. Eff. June 17, 1996.

078

068 CHAPTER 5

068

068 REGULATION

067

067 487.501 Impairment of capital; determination; assessments upon
067 shareholders.

067

084 Sec. 201. (1) Every bank whose capital, in the opinion of the
084 commissioner, shall have become impaired by losses or otherwise,
084 within 2 months after receiving notice thereof from the
084 commissioner, shall meet the deficiency in the capital by an
084 assessment upon the shareholders pro rata on the amount of
084 capital stock held by each. If any bank fails to restore its
084 capital as provided by law for 2 months after receiving notice
084 from the commissioner or, within the same period, fails to take
084 steps to liquidate its business and affairs, a receiver may be
084 appointed for the bank in accordance with the provisions of this
084 act. The commissioner, in his discretion, may grant such
084 extensions of time as he deems advisable in order to allow the
084 bank to meet the deficiency in the capital.

084

084 (2) If any part of the capital of a bank consists of preferred
084 stock, the determination of whether or not the capital of the
084 bank is impaired and the amount of such impairment shall be based
084 upon the par value of its stock even though the amount which the
084 holders of the preferred stock shall be entitled to receive in
084 the event of retirement or liquidation shall be in excess of the
084 par value of the preferred stock.

084

084 (3) The directors of every bank whose capital has become
084 impaired by losses or otherwise shall levy within the 2 months'
084 period an assessment upon the stock of the bank to repair the
084 deficiency, and shall give notice of the action of the
084 commissioner and the amount of the assessment which each
084 shareholder must pay for the purpose of making good the
084 deficiency to each shareholder by written or printed notice
084 mailed to the shareholder at his last known address as appears
084 from the records of the bank or served personally upon him.

084

084 (4) If the assessment is levied by the directors, and if any
084 shareholder refuses or neglects to pay the assessment as provided
084 in this section within 30 days from the date of mailing to the
084 shareholder a notice of the amount to be paid by him, the
084 directors of the bank shall sell the stock of the shareholder to
084 the highest bidder at either public or private sale in the manner
084 provided for the disposition of collateral pursuant to the
084 provisions of section 9504 of Act No. 174 of the Public Acts of
084 1962, being section 440.9504 of the Compiled Laws of 1948.

084

084 (5) A sale of stock as provided in this section shall effect an
084 absolute cancellation of the outstanding certificates evidencing
084 the stock so sold and shall make same null and void, and new
084 certificates shall be issued by the bank to the purchaser
084 thereof. Out of the proceeds of the stock so sold, the directors
084 shall pay the necessary costs of sale and the amount of
084 assessment levied thereon and the balance if any shall be paid to
084 the person whose stock has been sold.

084

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

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.505 Reserve cities for certain banks; designation; approval;
067 legal depository for reserve funds.

067

084 Sec. 205. (1) Annually the commissioner shall designate and
084 approve certain cities in this and any other state as reserve
084 cities for banks which are not member banks under the federal
084 reserve act.

084

084 (2) Any bank or national banking association in such cities
084 shall be a legal depository for reserve funds referred to in this
084 section, if it shall have a combined capital and surplus of
084 \$500,000.00 if located in a city which has a population of not
084 more than 250,000, \$1,000,000.00 if located in a city which has a
084 population of more than 250,000, \$1,500,000.00 if located in a
084 city which has a population of more than 500,000 and

084 \$3,000,000.00 if located in a city which has a population of more
084 than 1,000,000.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1985, Act
078 177, Imd. Eff. Dec. 6, 1985.

078

078

150 487.507, 487.509 Repealed. 1984, Act 147, Imd. Eff. June 25,
150 1984.

150

078 Compiler's note: The repealed sections pertained to reserve
078 funds.

067

067 487.511 Loans to executive officers; limitations; report of
067 outstanding indebtedness; interest in partnership; indorsing or
067 guaranteeing loan or other asset; rules; installment debt.

067

084 Sec. 211. (1) An executive officer of a bank shall not borrow
084 from or otherwise become indebted to a bank of which the person
084 is an executive officer and a bank shall not make a loan or
084 extend credit in any other manner to any of its own executive
084 officers except as provided in this section. Loans made to an
084 executive officer before the date the person became an executive
084 officer may be continued, renewed, or extended for periods
084 expiring not more than 5 years after the date the person became
084 an executive officer. With a prior approval of a 2/3 majority of
084 the entire board of directors a bank may extend credit to an
084 executive officer of the bank and the executive officer may
084 become indebted to the bank in an amount not exceeding an amount

084 established from time to time by the commissioner, except that
084 credit secured by a real estate mortgage upon an executive
084 officer's residence and credit to finance the education of the
084 executive officer or the spouse or children of the executive
084 officer shall not be subject to such limitation. A loan made
084 pursuant to this subsection shall be subject to the loan
084 limitations as provided in sections 196 to 198.

084

084 (2) Each bank officer shall make a written report to the
084 directors, at the time of the annual meeting of the bank
084 directors, as to all of the officer's outstanding indebtedness to
084 a bank or national banking association which report shall state
084 the dates of all loans, the current balances of all loans, and
084 whether the indebtedness is secured.

084

084 (3) Borrowing by, or loaning to, a partnership, in which 1 or
084 more executive officers of a bank are partners having either
084 individually or together a majority interest in the partnership,
084 is within the prohibition of this section. This section shall not
084 prohibit an officer of a bank from indorsing or guaranteeing for
084 the protection of the bank a loan or other asset which was
084 previously acquired by the bank in good faith or from incurring
084 any indebtedness to the bank for the purpose of protecting the
084 bank against loss or giving financial assistance to the bank. The
084 commissioner shall determine what shall be deemed to be a
084 borrowing, indebtedness, loan, or extension of credit, for the
084 purposes of this section, and shall promulgate rules as necessary
084 to effectuate this section in accordance with its purposes and to
084 prevent evasions of the provisions.

084

084 (4) This section shall not be construed to prevent an officer
084 of a bank from being indebted to the bank upon installment debt
084 transferred to the bank in the regular course of business by a
084 seller of consumer goods purchased by the officer or debt
084 resulting from the normal use by the officer of a credit card
084 issued or caused to be issued by the bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1980, Act
078 62, Imd. Eff. Apr. 2, 1980;--Am. 1985, Act 177, Imd. Eff. Dec. 6,
078 1985.

078

078 Administrative rules: R 487.1101 et seq. of the Michigan
078 Administrative Code.

067

067 487.513 Directors and officers; personal liability for violation
067 of act; limitation of action.

067

084 Sec. 213. If the directors or officers of a bank knowingly
084 violate, or knowingly permit any of the agents, officers or
084 directors of a bank to violate, any of the provisions of this act
084 or rules of the commissioner made under authority thereof, every
084 director and officer who participated in or assented to the
084 violation shall be held liable in his personal and individual
084 capacity for all damages which the bank, any shareholder or any
084 other person sustains in consequence of the violation. Any action
084 to recover damages shall be brought within 3 years from the time
084 of the violation, and not afterwards.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

140

140 ***** 487.515 THIS SECTION IS REPEALED EFFECTIVE AUGUST 1,

140 1988 *****

067

067 487.515 Securities business; bank affiliations prohibited.

067

084 Sec. 215. Except as otherwise provided in this act, a bank
084 shall not be affiliated with any corporation, association,
084 business trust or other similar organization engaged principally
084 in the issue, flotation, underwriting, public sale or
084 distribution, at wholesale or retail, or through syndicate
084 participation of stocks, bonds, debentures, notes or other
084 securities. Nothing in this section shall apply to any
084 organization which has been placed in formal liquidation and
084 which transacts no business except such as may be incidental to
084 the liquidation of its affairs.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.517 Sale of stock or other securities by officer or employee
067 of bank; prohibitions.

067

084 Sec. 217. An officer or employee of any bank, in his individual
084 capacity, shall not act as agent in the sale of stock or other
084 securities to any person, partnership, association or corporation
084 or receive directly or indirectly any consideration or commission
084 resulting from the sale of stock or other securities by others to
084 the bank by which he is employed.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1988, Act
078 200, Eff. Aug. 1, 1988.

067

067 487.519 Consideration or gratuity for procuring loan.

067

084 Sec. 219. An officer, director or employee of a bank may not
084 receive or consent or agree to receive any consideration or
084 gratuity from a borrower for procuring a loan from the bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.521 Officers and employees; bonding, expense; insurable
067 losses.

067

084 Sec. 221. (1) The board of directors shall require every
084 employee concerned in the handling of moneys, accounts or
084 securities of the bank, who can be bonded, to be bonded by a
084 surety company authorized to do business in this state in such an
084 amount as shall be determined by them. The bank shall pay for any
084 surety bonds required of its employees.

084

084 (2) The commissioner shall require every bank to provide
084 reasonable protection and indemnity against burglary, defalcation
084 and other reasonably required insurable losses. Whenever a bank
084 refuses to comply with such requirement, the commissioner may
084 contract for the protection and indemnity and charge the same to
084 the bank. If the charge is not paid, the commissioner may collect
084 the same in an action instituted by the attorney general.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.523 Reports; publication; proof; notice.

067

084 Sec. 223. The commissioner may require reports from any bank

084 whenever, in the commissioner's judgment, they are necessary to

084 inform the commissioner fully as to the condition of the bank.

084 The commissioner may require publication of reports and proof of

084 publication by a date determined by the commissioner and in the

084 manner and form as the commissioner may prescribe except that the

084 commissioner shall give a bank at least 30 days' notice in

084 writing of the date required for the publication of reports.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1983, Act

078 94, Imd. Eff. June 17, 1983.

078

078

150 487.525 Repealed. 1983, Act 94, Imd. Eff. June 17, 1983.

150

078 Compiler's note: The repealed section pertained to reports of

078 earnings and dividends.

067

067 487.526 Failure to make and transmit reports or to publish and

067 furnish proof of publication; penalty; disposition of penalties

067 collected; action for recovery of penalty.

067

084 Sec. 226. Every bank failing to make and transmit to the

084 commissioner or to publish and furnish to the commissioner proof

084 of publication of any of the reports required by section 223
084 shall be subject to a penalty of \$100.00 for each day after the
084 time for making any report. All penalties collected shall be paid
084 into the state treasury to the credit of the general fund.

084 Whenever any bank delays or refuses to pay the penalty for a
084 failure to make and transmit a report, the commissioner may
084 maintain an action against the delinquent bank for the recovery
084 of such penalty.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1983, Act
078 94, Imd. Eff. June 17, 1983.

067

067 487.528 Repayment of savings deposits.

067

084 Sec. 228. Subject to section 193, all savings deposits shall be
084 repaid to the depositor, or his or her lawful representatives, at
084 such time, with such interest, and under such regulations as the
084 board of directors of the bank may prescribe.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1996, Act
078 288, Imd. Eff. June 17, 1996.

067

067 487.530 Deposits, funds, and assets; emergency powers; not in
067 force until copy posted.

067

084 Sec. 230. Notwithstanding any other provision of law, the board
084 of directors of a bank, with the approval of the commissioner,
084 may regulate and prescribe the terms, conditions and bylaws and
084 rules under which deposits, other funds and assets may be

084 received, conserved, paid out, withdrawn or otherwise disposed of
084 whenever in the opinion of the commissioner an emergency exists
084 in the affairs of a bank and such action is advisable to
084 conserve, safeguard and protect depositors, borrowers, deposits,
084 moneys, funds, assets and the business of the bank, and all
084 parties in interest, including the public, but no such terms,
084 conditions, bylaws and rules shall be in force until a copy
084 thereof is posted in the lobby of each office of the bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.531 Pledging assets of bank as security.

067

084 Sec. 231. (1) Except as otherwise provided in this section, a
084 bank or bank officer shall not give preference to a depositor or
084 creditor by pledging the assets of the bank as collateral
084 security or otherwise.

084

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

084

084 (a) Funds belonging to the United States or belonging to or
084 being administered by an officer, instrumentality, or agent of
084 the United States, funds of estates being administered by a
084 federal court under a federal bankruptcy law, and other funds
084 when required or permitted to do so under the laws of the United
084 States or an order of a federal court.

084

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

084

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

084

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

084

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

084

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

084

084 (g) Funds of the Michigan state housing development authority
084 constituting proceeds of the sale of the authority's notes and
084 bonds and repayments of those notes and bonds, under the state
084 housing development authority act of 1966, 1966 PA 346, MCL
084 125.1401 to 125.1499c.

084

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

084

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

084 obligation of the United States by or through an institution.

084

084 (4) A bank may pledge its assets to secure liabilities of the

084 following types:

084

084 (a) In the case of member banks, liabilities incurred under the

084 federal reserve act, chapter 6, 38 Stat. 251. In the case of

084 nonmember banks, liabilities incurred through borrowing under the

084 same conditions as are imposed upon members of the federal

084 reserve system by the federal reserve act, chapter 6, 38

084 Stat. 251.

084

084 (b) In the case of federal home loan bank members, liabilities

084 incurred under the federal home loan bank act, chapter 522, 47

084 Stat. 725.

084

084 (c) Liabilities incurred under former section 202 of title II

084 of the federal farm loan act, chapter 245, 39 Stat. 360.

084

084 (d) Liabilities incurred on account of a loan made with the

084 express approval of the commissioner under section 197(c).

084

084 (e) Liabilities incurred on account of borrowings from 1

084 business day to the next from a bank or national banking

084 association of excess reserve balances from time to time

084 maintained by the bank or national banking association under

084 section 207, or section 19 of the federal reserve act, chapter 6,

084 38 Stat. 251.

084

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

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1970, Act
078 148, Imd. Eff. Aug. 1, 1970;--Am. 1980, Act 55, Imd. Eff. Mar.
078 31, 1980;--Am. 1985, Act 177, Imd. Eff. Dec. 6, 1985;--Am. 1991,
078 Act 12, Imd. Eff. Apr. 25, 1991;--Am. 1997, Act 49, Imd. Eff.
078 June 30, 1997.

078

078

150 487.533 Repealed. 1985, Act 177, Imd. Eff. Dec. 6, 1985.

150

078 Compiler's note: The repealed section pertained to indebtedness
078 of bank.

067

067 487.535 Deposits with other banks or national banking
067 association; deposit in legal depository in a reserve city;
067 limitations.

067

084 Sec. 235. Except where required or permitted under the federal
084 reserve act, chapter 6, 38 Stat. 251, or the federal home loan
084 bank act, chapter 522, 47 Stat. 725, a bank shall not deposit an
084 amount in excess of 10% of its capital and surplus with any other
084 bank or national banking association but any bank may deposit an
084 amount not to exceed 15% of its capital, surplus and deposits in
084 any legal depository in a reserve city designated by the
084 commissioner pursuant to the provisions of this act.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1991, Act

078 12, Imd. Eff. Apr. 25, 1991.

067

067 487.539 Overdrafts; director or officer overdrawing account.

067

084 Sec. 239. (1) An overdraft existing for 90 days shall be
084 charged off to the profit and loss account of the bank at the
084 expiration of that time.

084

084 (2) A director or executive officer of a bank shall not
084 knowingly overdraw his account.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.541 Bad debts; charging off.

067

084 Sec. 241. All debts due to any bank on which interest is past
084 due and unpaid for a period of 6 months, unless the debts are
084 well secured and in process of collection or the debts constitute
084 claims against solvent estates in probate, shall be charged off
084 to the reserve for bad debts or the profit and loss account of
084 the bank at the expiration of that time.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.545 Null and void transactions.

067

084 Sec. 245. Any transfer of any assets of a bank to either its
084 shareholders or creditors made after the commission of an act of
084 insolvency or made in contemplation thereof, with a view to

084 preventing the application of its assets in the manner prescribed
084 by this act, or with a view to the preference of 1 creditor over
084 another, is null and void.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.546 Compliance review committee.

067

084 Sec. 246. (1) An officer or the board of directors of a bank
084 may appoint a compliance review committee to evaluate loan
084 underwriting standards, asset quality, financial reporting to
084 federal or state regulatory agencies, compliance with the bank's
084 policies, compliance with federal or state statutory or
084 regulatory requirements, or other related matters.

084

084 (2) Any documents, data, compilations, analyses, or other
084 information and material gathered, generated, created, produced,
084 developed, or prepared by or for a compliance review committee by
084 1 or more employees of the bank or by 1 or more other persons
084 retained by the bank to assist the compliance review committee in
084 performing its functions shall be considered compliance review
084 material.

084

084 (3) A document, compilation, analysis, or item of information,
084 data, or material remains compliance review material under this
084 section even if it is delivered or disclosed to employees of the
084 bank who are not members of the compliance review committee or to
084 attorneys, accountants, auditors, consultants, or other
084 professional advisers retained by the bank or to 1 or more other

084 persons retained by the bank to assist the committee in
084 performing its functions or to evaluate the committee.

084

084 (4) Except as provided in subsection (5), compliance review
084 material is confidential and is not discoverable or admissible in
084 evidence in any civil action.

084

084 (5) Subsection (4) does not apply to any information required
084 by statute or regulation to be maintained by or provided to a
084 governmental entity to the extent that law requires the
084 governmental entity to disclose the information for discovery or
084 admission into evidence.

084

078 History: Add. 1996, Act 288, Imd. Eff. June 17, 1996.

078

068 CHAPTER 6

068

068 RECEIVERSHIPS AND CONSERVATORSHIPS

067

067 487.551 Receivership; grounds for appointment; dissolution;
067 federal deposit insurance corporation as receiver; bond.

067

084 Sec. 251. Whenever a bank has refused to pay its deposits or
084 obligations in accordance with the terms under which such
084 deposits or obligations were incurred or whenever any bank
084 becomes insolvent, or whenever any bank shall refuse to submit
084 its books, papers and records for inspection by the commissioner
084 or whenever it appears to the commissioner that the bank is in an
084 unsafe or unsound condition, the commissioner shall either

084 appoint a conservator under the provisions of section 261 or,
084 with the attorney general representing him, shall apply to the
084 circuit court for the county in which the bank is located for the
084 appointment of a receiver for the bank. In any proceeding for the
084 appointment of a receiver the commissioner shall request that the
084 court appoint the federal deposit insurance corporation as the
084 receiver if the deposits in the bank are insured to any extent by
084 the corporation. The court may act upon the application forthwith
084 and without notice to any person but if at any time it appears to
084 the court that none of the claimed reasons for receivership did
084 in fact exist, the receivership shall be dissolved and the
084 proceedings terminated. If the federal deposit insurance
084 corporation accepts the appointment as receiver, it may act as
084 such without bond.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.552 Receiver; powers and duties.

067

084 Sec. 252. Subject to the approval of the appointing court, a
084 receiver shall:

084

084 (a) Take possession of the books, records and assets of every
084 description of the bank and collect all debts, dues and claims
084 belonging to it.

084

084 (b) Sue and defend, compromise and settle all claims involving
084 the bank.

084

084 (c) Sell any and all real and personal property.

084

084 (d) Exercise any and all fiduciary functions of the bank as of
084 the date of the commencement of the receivership.

084

084 (e) Pay all expenses of the receivership, which expenses shall
084 be a first charge upon the assets of the bank and shall be fully
084 paid before any final distribution or payment of dividends to
084 creditors or shareholders.

084

084 (f) Pay ratably any and all debts of such bank, except that
084 debts not exceeding \$50.00 in amount may be paid in full but the
084 holders thereof shall not be entitled to interest thereon.

084

084 (g) Repay, ratably, any amount which may have been paid in by
084 any shareholder by reason of assessments made upon the stock of
084 the bank by order of the commissioner in accordance with the
084 provisions of this act.

084

084 (h) Pay, ratably, to the shareholders of the bank in proportion
084 to the number of shares held and owned by each the balance of the
084 net assets of the bank after payment or provision for payments as
084 provided in subdivisions (e), (f) and (g).

084

084 (i) Borrow such sum of money as may be necessary or expedient
084 in aiding the liquidation of the bank and in connection therewith
084 to secure such borrowings by the pledge, hypothecation or
084 mortgage of the assets of the bank.

084

084 (j) Exercise such other powers and duties as may be provided by
084 the appointing court pursuant to the laws of this state
084 applicable to the appointment of receivers by circuit court
084 judges.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.553 Receiver; reports to commissioner.

067

084 Sec. 253. The receiver from time to time shall report to the
084 commissioner with respect to all of his acts and proceedings in
084 connection with the receivership.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.554 Receiver; bank liquidation; act provides exclusive
067 procedures.

067

084 Sec. 254. The full and exclusive procedures for the liquidation
084 of a bank subject to the provisions of this act shall be the
084 procedures prescribed in this act and no receiver or other
084 liquidating agent shall be appointed for such purpose or for any
084 bank or its assets and property except as expressly provided in
084 this act.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.557 Receivership; federal deposit insurance corporation;
067 subrogation.

067

084 Sec. 257. Whenever any bank has been closed and placed in
084 receivership, and the federal deposit insurance corporation pays
084 or makes available for payment the insured deposit liabilities of
084 the closed bank, the corporation, whether or not it has become
084 receiver thereof, is subrogated to all of the rights of the
084 owners of the deposits against the closed bank in the same manner
084 and to the same extent as subrogation of the corporation is
084 provided for in the federal reserve act, as amended, in the case
084 of the closing of a national banking association. The rights of
084 depositors and other creditors of the closed bank shall be
084 determined in accordance with the applicable provisions of the
084 laws of this state.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.561 Conservator; appointment; bond; expenses.

067

084 Sec. 261. (1) If any of the grounds set forth in section 251
084 authorizing the appointment of a receiver exist or whenever the
084 commissioner deems it necessary in order to conserve the assets
084 of any bank for the benefit of the depositors and other creditors
084 thereof, the commissioner may appoint a conservator for the bank
084 and require of him such bond and security as the commissioner
084 deems proper.

084

084 (2) The commissioner may appoint as conservator 1 of the bank
084 examiners of the bureau or some other competent and disinterested
084 person. The bureau shall be reimbursed out of the assets of the

084 conservatorship for all sums expended by it in connection with
084 the conservatorship as expenses or otherwise, which funds shall
084 be paid into the revolving fund provided for in section 267. Any
084 conservator by such appointment shall become a member of the
084 bureau. All expenses of any conservatorship shall be paid out of
084 the assets of the bank, upon the approval of the commissioner.
084 The expenses shall be a first charge upon the assets and shall be
084 fully paid before any final distribution or payment of dividends
084 to creditors or shareholders.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.562 Conservator; powers and duties.

067

084 Sec. 262. The conservator, under the direction of the
084 commissioner, shall take possession of the books, records and
084 assets of every description of the bank, and take such action as
084 may be necessary to conserve the assets of the bank pending
084 further disposition of its business as provided by law. The
084 conservator shall have all the rights, powers and privileges of
084 receivers of banks appointed pursuant to this act and shall be
084 subject to the obligations and penalties, not inconsistent with
084 the provisions of this act with respect to conservators, to which
084 receivers are subject. During the time that the conservator
084 remains in possession of the bank, the rights of all parties with
084 respect thereto, subject to the other provisions of this act with
084 respect to conservators, shall be the same as if a receiver had
084 been appointed. The conservator may execute the discharge of any
084 real estate mortgage held as part of the assets of the bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.563 Conservator; deposits and withdrawals; ratable basis;

067 new deposits and assets.

067

084 Sec. 263. While a bank is in the hands of the conservator
084 appointed by the commissioner, he may require the conservator to
084 set aside and make available for withdrawal by depositors and
084 payment to other creditors, on a ratable basis, such amounts as
084 in the opinion of the commissioner may be used safely for this
084 purpose. The commissioner may permit the conservator to receive
084 deposits. Deposits received while the bank is in the hands of the
084 conservator shall not be subject to any limitation as to payment
084 or withdrawal. Such deposits and any new assets acquired on
084 account of the deposits shall be segregated and shall be held
084 especially for the new deposits and shall not be used to
084 liquidate any indebtedness of such bank existing at the time that
084 a conservator was appointed for it or any subsequent indebtedness
084 incurred for the purpose of liquidating any indebtedness of the
084 bank existing at the time the conservator was appointed. Deposits
084 received while the bank is in the hands of the conservator shall
084 be kept on hand in cash, invested in the direct obligations of
084 the United States or deposited in banks designated by the
084 commissioner.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.564 Conservator; borrowing power.

067

084 Sec. 264. With the prior approval of the commissioner, the
084 conservator of any bank may borrow such sums of money as are
084 necessary or expedient in aiding the operation, reorganization or
084 liquidation of the bank, including the payment of liquidating
084 dividends, and may secure the loans by the pledge, hypothecation
084 or mortgage of the assets of the bank.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.565 Conservatorship; termination; resumption of business.

067

084 Sec. 265. If the commissioner is satisfied that it may be done
084 safely and that it would be in the public interest, he may
084 terminate the conservatorship and permit the bank to resume the
084 transaction of its business subject to such terms, conditions,
084 restrictions and limitations as he may prescribe.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.566 Conservatorship; return of bank to directors; effect on
067 segregation of deposits; notice.

067

084 Sec. 266. After 15 days from the date upon which the affairs of
084 a bank shall have been turned back to its board of directors by
084 the conservator, either with or without being reorganized, the
084 provisions of section 263 with respect to the segregation of
084 deposits received while it is in the hands of the conservator and
084 with respect to the use of such deposits to liquidate the

084 indebtedness of the bank shall no longer be effective. Before the
084 conservator turns back the affairs of the bank to its board of
084 directors, he shall publish a notice in form approved by the
084 commissioner, stating the date on which the affairs of the bank
084 will be returned to its board of directors and that the
084 provisions of section 263 will not be effective after 15 days
084 from such date. On the date of the publication of the notice, the
084 conservator shall immediately send to every person who deposited
084 money in the bank after the appointment of a conservator
084 therefor, a copy of the notice by mail, postage prepaid,
084 addressed to the last known address of the person as shown by the
084 records of the bank. The conservator shall send similar notice in
084 like manner to every person making deposit in the bank under
084 section 263 after the date of the newspaper publication and
084 before the time when the affairs of the bank are returned to its
084 directors.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.567 Receiver and conservator; rules prescribed by
067 commissioner; revolving fund to reimburse bureau.

067

084 Sec. 267. (1) The commissioner is authorized and empowered to
084 prescribe such rules as he deems necessary in order to carry out
084 the provisions of this chapter as to receivers and conservators.

084

084 (2) All compensation and expenses allowed to reimburse the
084 bureau when a bank examiner acts as receiver or conservator and
084 all expenses for state supervision of receiverships and

084 conservatorships under the provisions of this act shall be turned
084 over to the state treasurer and shall be credited to a revolving
084 fund, hereby created, to be held for the bureau, which fund shall
084 be disbursed on proper vouchers approved by the commissioner to
084 reimburse the bureau in connection with the provisions of this
084 act with respect to receivers and conservators of banks.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.568 Reorganization of bank; consent; definition; effect on
067 depositors, creditors, and shareholders.

067

084 Sec. 268. (1) In any reorganization of any bank under a plan of
084 a kind which requires the consent of depositors and other
084 creditors or of shareholders or of both depositors and other
084 creditors and shareholders, the reorganization shall become
084 effective when both the following occur:

084

084 (a) The commissioner is satisfied that the plan of
084 reorganization is fair and equitable as to all depositors, other
084 creditors and shareholders and is in the public interest and has
084 approved the plan subject to such conditions, restrictions and
084 limitations as he may prescribe.

084

084 (b) After reasonable notice of the reorganization as determined
084 by the commissioner, depositors and other creditors of such bank
084 representing at least 75% in amount of its total deposits and
084 other liabilities as shown by the books of the bank or
084 shareholders owning at least 2/3 of its outstanding capital stock

084 as shown by the books of the bank or both depositors and other
084 creditors representing at least 75% in amount of the total
084 deposits and other liabilities and shareholders owning at least
084 2/3 of its outstanding capital stock as shown by the books of the
084 bank, shall have consented in writing to the plan of
084 reorganization. Claims of depositors or other creditors which
084 will be satisfied in full under the provisions of the plan of
084 reorganization shall not be included among the total deposits and
084 other liabilities of the bank in determining the 75% thereof. The
084 term "reorganization" as used in this section may be construed to
084 include the establishment of a new bank in conformity with any
084 plan of reorganization.

084

084 (2) When the reorganization becomes effective, all books,
084 records and assets of the bank shall be disposed of in accordance
084 with the provisions of the plan and the affairs of the bank shall
084 be conducted by its board of directors in the manner provided by
084 the plan and under the conditions, restrictions and limitations
084 which may have been prescribed by the commissioner. In any
084 reorganization which has been approved and become effective, all
084 depositors and other creditors and shareholders of the bank,
084 whether or not they have consented to the plan or reorganization,
084 shall be fully and in all respects subject to and bound by its
084 provisions and claims of all depositors and other creditors shall
084 be treated as if they had consented to the plan of
084 reorganization. The state or any department, agency or political
084 subdivision thereof holding a claim against the bank is
084 authorized to participate in a plan or reorganization as any
084 other creditor and shall be subject to and bound by its

084 provisions as any other creditor.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

078

078 Compiler's note: In subsection (2), "plan or reorganization"

078 evidently should read "plan of reorganization."

078

068 CHAPTER 7

068

068 SAFE AND COLLATERAL DEPOSIT COMPANIES

067

067 487.571 Safe deposit and collateral deposit business;

067 incorporation; exception.

067

084 Sec. 271. (1) Any number of persons, not less than 5, may
084 incorporate for the purpose of carrying on a safe deposit and
084 collateral deposit business under the provisions of this chapter
084 and with the powers conferred by this chapter.

084

084 (2) A person, partnership, association, or corporation shall
084 not carry on a safe deposit and collateral deposit business
084 unless incorporated under the provisions of this chapter or
084 authorized to do so under the provisions of this act or under
084 another statute of this state. None of the provisions of this act
084 with respect to safe and collateral deposit business shall apply
084 to any savings and loan association duly organized or chartered
084 by the state or to any federal savings and loan association.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1974, Act

078 326, Imd. Eff. Dec. 15, 1974.

067

067 487.573 Articles of incorporation; execution and acknowledgment;

067 filing.

067

084 Sec. 273. The persons incorporating shall execute, acknowledge
084 before any officer authorized by the laws of this state to take
084 and certify acknowledgments and deliver to the commissioner in
084 quadruplicate original articles of incorporation. If the
084 commissioner finds that the articles conform to law, when all
084 requirements have been complied with, he shall file 1 of the
084 original articles in the office of the bureau, certify and
084 forward by registered mail 1 of the original articles to the
084 county clerk of the county in which the safe and collateral
084 deposit company is located, and 1 to the corporation division,
084 department of treasury, and shall certify and return 1 of the
084 original articles to the incorporators.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.574 Articles of incorporation; contents.

067

084 Sec. 274. The articles of incorporation shall specify:

084

084 (a) The name of the incorporators and their places of residence
084 and addresses respectively and the number of shares of stock held
084 by each.

084

084 (b) The name by which the corporation shall be known and the

084 place where its principal office for the transaction of business
084 is to be established.

084

084 (c) The purpose of the incorporation as mentioned in this act.

084

084 (d) The amount of capital stock, which shall not be less than
084 \$100,000.00 and be fully paid in at the time of incorporation;
084 and which shall be divided into shares of \$100.00 each.

084

084 (e) The number of the directors of the corporation, which shall
084 be not less than 5 nor more than 9.

084

084 (f) The period for which such corporation is to be
084 incorporated, which may be a term of years or in perpetuity.

084

084 (g) Any other provisions consistent with the laws of this state
084 for the conduct of the affairs of any such safe and collateral
084 deposit company.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.575 Articles of incorporation; evidence; certified filing
067 date.

067

084 Sec. 275. The articles of incorporation on file with the
084 bureau, or copies thereof duly certified by the commissioner,
084 with the seal of the bureau attached, or on file with the county
084 clerk, or copies thereof duly certified by the county clerk, may
084 be used as evidence in all courts for and against such

084 corporation. The commissioner shall certify upon the articles
084 filed with the bureau, and the county clerks shall certify upon
084 the articles filed with them, the date when they were filed.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.577 Corporate powers.

067

084 Sec. 277. All corporations organized and established or
084 governed under this chapter shall be deemed bodies politic and
084 corporate, capable of suing and being sued, may have a common
084 seal and may adopt, from time to time, bylaws not inconsistent
084 with this chapter or any other provision of law.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.579 Corporate officers.

067

084 Sec. 279. The officers of the corporation shall be a president,
084 vice-president, secretary and treasurer, who shall be members of
084 the board of directors, and such other officers as shall be
084 provided for by the bylaws of the corporation. The office of
084 secretary and treasurer may be held by 1 person.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.581 First meeting; notice, contents, service; waiver.

067

084 Sec. 281. The first meeting of the corporation shall be called

084 by a notice signed by any incorporator designating the time and
084 place of the meeting and stating the purpose for which the
084 meeting is called. The notice shall be personally served on all
084 the incorporators at least 2 days before the date set for the
084 meeting, or if all the incorporators are present at the meeting
084 or in writing waive notice and fix a time and place of meeting,
084 then no notice whatever shall be required of the first meeting.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.582 Annual meeting.

067

084 Sec. 282. The annual meeting of the corporation shall be held
084 on the third Tuesday in January in each year, at the principal
084 office of the corporation, in such manner and upon such notice as
084 the bylaws of the corporation shall determine.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.583 Board of directors; election, term, powers; quorum.

067

084 Sec. 283. The stock, property and affairs of such corporation
084 shall be managed by a board of directors, who shall be chosen
084 annually, at the annual meeting of the corporation or at any
084 lawful adjournment thereof and shall hold their offices for the
084 period of 1 year and until their successors shall be duly chosen.
084 The board of directors shall have power to do all things which
084 may be proper or necessary, not inconsistent with law, for the
084 general regulation and management of the business of the

084 corporation and the administration of its affairs, including the
084 election of officers. A majority of the board of directors
084 constitutes a quorum at all lawful meetings.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.584 Director or officer; discharge of duties; liability of
067 director; action against director or officer; limitations.

067

084 Sec. 284. (1) A director or an officer of a safe and collateral
084 deposit company shall discharge the duties of his or her position
084 in good faith and with that degree of diligence, care, and skill
084 which an ordinarily prudent person would exercise under similar
084 circumstances in a like position. In discharging his or her
084 duties, a director or an officer, when acting in good faith, may
084 rely upon the opinion of legal counsel for the safe and
084 collateral deposit company, upon the report of an independent
084 appraiser selected with reasonable care by the board or by an
084 officer of the safe and collateral deposit company, or upon
084 financial statements of the safe and collateral deposit company
084 represented to him or her to be correct by the president or the
084 officer of the safe and collateral deposit company having charge
084 of its books of account, or as stated in a written report by an
084 independent public or certified public accountant or firm of
084 accountants fairly to reflect the financial condition of the safe
084 and collateral deposit company.

084

084 (2) The articles of incorporation of a safe and collateral
084 deposit company may contain a provision providing that a director

084 is not personally liable to the safe and collateral deposit
084 company or its shareholders for monetary damages for a breach of
084 the director's fiduciary duty. However, the provision does not
084 eliminate or limit the liability of a director for any of the
084 following:

084

084 (a) A breach of the director's duty of loyalty to the safe and
084 collateral deposit company or its shareholders.

084

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

084

084 (c) A violation of section 43.

084

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

084

084 (e) An act or omission occurring before January 1, 1989.

084

084 (3) An action against a director or officer for failure to
084 perform the duties imposed by this section shall be commenced
084 within 3 years after the cause of action has accrued, or within 2
084 years after the time when the cause of action is discovered, or
084 should reasonably have been discovered, by the complainant,
084 whichever occurs first.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1988, Act
078 311, Eff. Jan. 1, 1989.

067

067 487.584a Indemnification generally.

067

084 Sec. 284a.(1) A safe and collateral deposit company may
084 indemnify any person who was or is a party or is threatened to be
084 made a party to a threatened, pending, or completed action, suit,
084 or proceeding, whether civil, criminal, administrative, or
084 investigative and whether formal or informal, other than an
084 action by or in the right of the safe and collateral deposit
084 company, or by reason of the fact that he or she is or was a
084 director, officer, employee, or agent of the safe and collateral
084 deposit company or is or was serving at the request of the safe
084 and collateral deposit company as a director, officer, partner,
084 trustee, employee, or agent of another safe and collateral
084 deposit company, foreign or domestic corporation, partnership,
084 joint venture, trust, or other enterprise, whether for profit or
084 not, against expenses, including attorneys' fees, judgments,
084 penalties, fines, and amounts paid in settlement actually and
084 reasonably incurred by him or her in connection with the action,
084 suit, or proceeding if the person acted in good faith and in a
084 manner he or she reasonably believed to be in or not opposed to
084 the best interests of the safe and collateral deposit company or
084 its shareholders, and with respect to any criminal action or
084 proceeding, if the person had no reasonable cause to believe his
084 or her conduct was unlawful. The termination of any action, suit,
084 or proceeding by judgment, order, settlement, or conviction, or
084 upon a plea of nolo contendere or its equivalent, does not, of
084 itself, create a presumption that the person did not act in good
084 faith and in a manner that he or she reasonably believed to be in
084 or not opposed to the best interests of the safe and collateral

084 deposit company or its shareholders, and with respect to a
084 criminal action or proceeding, had reasonable cause to believe
084 that his or her conduct was unlawful.

084

084 (2) A safe and collateral deposit company may indemnify a
084 person who was or is a party to or is threatened to be made a
084 party to any threatened, pending, or completed action or suit by
084 or in the right of the safe and collateral deposit company to
084 procure a judgment in its favor by reason of the fact that he or
084 she is or was a director, officer, employee, or agent of the safe
084 and collateral deposit company or is or was serving at the
084 request of the safe and collateral deposit company as a director,
084 officer, partner, trustee, employee, or agent of another safe and
084 collateral deposit company, foreign or domestic corporation,
084 partnership, joint venture, trust, or other enterprise, whether
084 for profit or not, against expenses, including actual and
084 reasonable attorneys' fees and amounts paid in settlement
084 incurred by the person in connection with the action or suit if
084 the person acted in good faith and in a manner the person
084 reasonably believed to be in or not opposed to the best interests
084 of the safe and collateral deposit company or its shareholders.
084 However, indemnification shall not be made for a claim, issue, or
084 matter in which the person has been found liable to the safe and
084 collateral deposit company unless and only to the extent that the
084 court in which the action or suit was brought has determined upon
084 application that, despite the adjudication of liability but in
084 view of all circumstances of the case, the person is fairly and
084 reasonably entitled to indemnification for the expenses which the
084 court considers proper.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.584b Indemnification against expenses; determination as to
067 propriety of indemnification under S 487.584a; indemnification
067 for portion of expenses.

067

084 Sec. 284b. (1) To the extent that a director, officer,
084 employee, or agent of a safe and collateral deposit company has
084 been successful on the merits or otherwise in defense of any
084 action, suit, or proceeding described in section 284a, or in
084 defense of any claim, issue, or matter in the action, suit, or
084 proceeding, he or she shall be indemnified against expenses,
084 including actual and reasonable attorneys' fees, incurred by him
084 or her in connection with the action, suit, or proceeding and an
084 action, suit, or proceeding brought to enforce the mandatory
084 indemnification provided in this subsection.

084

084 (2) An indemnification under section 284a, unless ordered by a
084 court, shall be made by the safe and collateral deposit company
084 only as authorized in the specific case upon a determination that
084 indemnification of the director, officer, employee, or agent is
084 proper in the circumstances because he or she has met the
084 applicable standard of conduct set forth in section 284a. This
084 determination shall be made in any of the following ways:

084

084 (a) By a majority vote of a quorum of the board consisting of
084 directors who were not parties to the action, suit, or
084 proceeding.

084

084 (b) If the quorum described in subdivision (a) is not
084 obtainable, by a majority vote of a committee designated by the
084 board, in which board action directors who are parties may
084 participate, consisting solely of 2 or more directors not parties
084 to the action, suit, or proceeding.

084

084 (c) By independent legal counsel in a written opinion.

084

084 (d) By the shareholders.

084

084 (3) If a person is entitled to indemnification under section
084 284a for a portion of expenses including attorneys' fees,
084 judgments, penalties, fines, and amounts paid in settlement, but
084 not for the total amount of the expenses, the safe and collateral
084 deposit company may indemnify the person for the portion of the
084 expenses, judgments, penalties, fines, or amounts paid in
084 settlement for which the person is entitled to be indemnified.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.584c Advancement of expenses; undertaking.

067

084 Sec. 284c. Expenses incurred in defending a civil or criminal
084 action, suit, or proceeding described in section 284a may be paid
084 by the safe and collateral deposit company in advance of the
084 final disposition of the action, suit, or proceeding upon receipt
084 of an undertaking by or on behalf of the director, officer,
084 employee, or agent to repay the expenses if it is ultimately

084 determined that he or she is not entitled to be indemnified by
084 the safe and collateral deposit company. The undertaking shall be
084 by unlimited general obligation of the person on whose behalf
084 advances are made but need not be secured and may be accepted
084 without reference to financial ability to repay.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.584d Indemnification or advancement of expenses not
067 exclusive of other rights; continuation of indemnification.

067

084 Sec. 284d. The indemnification and advancement of expenses
084 provided by or granted under sections 284a to 284c is not
084 exclusive of any other rights to which a person seeking
084 indemnification or advancement of expenses may be entitled to
084 under the articles of incorporation, a bylaw, an agreement, a
084 vote of shareholders or disinterested directors, or otherwise.
084 The indemnification provided for in sections 284a to 284c
084 continues as to a person who ceases to be a director, officer,
084 employee, or agent and shall inure to the benefit of the heirs,
084 executors, and administrators of the person.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.584e Insurance, trust fund, or other form of funded
067 arrangement against liability.

067

084 Sec. 284e. A safe and collateral deposit company has the power
084 to purchase and maintain insurance, including insurance issued by

084 an affiliated insurer and insurance for which premiums may be
084 adjusted retroactively, in whole or in part, based upon claims
084 experience, or similar arrangements. A safe and collateral
084 deposit company may also create a trust fund or other form of
084 funded arrangement on behalf of any person who is or was a
084 director, officer, employee, or agent of the safe and collateral
084 deposit company or is or was serving at the request of the safe
084 and collateral deposit company as a director, officer, partner,
084 trustee, employee, or agent of another foreign or domestic
084 corporation, partnership, joint venture, trust, or other
084 enterprise, whether for profit or not, against any liability
084 asserted against him or her and incurred by him or her in any
084 capacity or arising out of his or her status in that capacity,
084 whether or not the safe and collateral deposit company would have
084 power to indemnify him or her against the liability under
084 sections 284a to 284d.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.584f "Safe and collateral deposit company" defined for
067 purposes of SS 487.584 to 487.584g.

067

084 Sec. 284f. For purposes of sections 284 to 284g, "safe and
084 collateral deposit company" includes all constituent corporations
084 absorbed in a consolidation or merger and the resulting or
084 surviving safe and collateral deposit company, so that a person
084 who is or was a director, officer, employee, or agent of a
084 constituent corporation or is or was serving at the request of
084 the constituent corporation as a director, officer, partner,

084 trustee, employee, or agent of another foreign or domestic
084 corporation, partnership, joint venture, trust, or other
084 enterprise, whether for profit or not, shall stand in the same
084 position with respect to the resulting or surviving safe and
084 collateral deposit company as he or she would if he or she had
084 served the resulting or surviving safe and collateral deposit
084 company in the same capacity.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.584g "Other enterprise" and "serving at the request of the
067 bank" defined for purposes of SS 487.584a to 487.584f.

067

084 Sec. 284g. For the purposes of sections 284a to 284f, "other
084 enterprise" shall include employee benefit plans; "fines" shall
084 include any excise taxes assessed on a person with respect to an
084 employee benefit plan; and "serving at the request of the safe
084 and collateral deposit company" shall include any service as a
084 director, officer, employee, or agent of the safe and collateral
084 deposit company which imposes duties on, or involves services by,
084 the director, officer, employee, or agent with respect to an
084 employee benefit plan, its participants or beneficiaries; and a
084 person who acted in good faith and in a manner he or she
084 reasonably believed to be in the interest of the participants and
084 beneficiaries of an employee benefit plan shall be considered to
084 have acted in a manner not opposed to the best interests of the
084 safe and collateral deposit company or its shareholders as
084 referred to in section 284a.

084

078 History: Add. 1988, Act 311, Eff. Jan. 1, 1989.

067

067 487.586 Safe deposit and storage business; liability limit; lien

067 for unpaid rental and storage charge.

067

084 Sec. 286. (1) Any corporation organized under this chapter may

084 operate a safe deposit and storage business and provide proper

084 vaults and premises for the same.

084

084 (2) The legal liability of the corporation on account of any

084 loss to a customer shall not exceed the sum of \$10,000.00 for any

084 1 box or compartment, including all property accepted for storage

084 outside of the box or compartment. The corporation may contract

084 with the renter to have the renter assume all risks arising from

084 the use of such box, compartment or storage.

084

084 (3) The corporation shall have a lien for unpaid rental and

084 storage charges on the contents of any box or compartment and any

084 property accepted for storage outside of the box or compartment.

084 If the charges are not paid within 1 year from the date of

084 accrual, the corporation may sell the property at public auction

084 upon like notice as is required by law for sales on execution and

084 after retaining from the proceeds of sale the amount of all

084 charges due and owing at the time of the sale and the reasonable

084 expenses of the sale, it shall pay the balance upon proper

084 showing to the person entitled thereto. The corporation may

084 fairly and in good faith purchase the property or any part

084 thereof at the sale.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.587 Property rights; investments.

067

084 Sec. 287. A safe and collateral deposit corporation may
084 purchase, lease, hold and convey all such real and personal
084 property as may be necessary for the proper conduct of its
084 business. Any surplus capital may be invested in such securities
084 as are designated by law as lawful investments for banks
084 organized and existing under the provisions of this act.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.589 Annual reports; time, signing, contents.

067

084 Sec. 289. Every safe and collateral deposit company shall make
084 to the commissioner not less than 1 report during each calendar
084 year, at such time as the commissioner requires it, according to
084 the forms prescribed by him, verified by the oath or affirmation
084 of the president, vice-president, secretary or treasurer thereof
084 and signed by a majority of its board of directors. The report
084 shall exhibit the condition of the corporation and shall contain
084 such information as may be required by the commissioner. The
084 commissioner may call for special reports from any safe and
084 collateral deposit company whenever, in his judgment, the same
084 are necessary to inform him fully of the condition of the safe
084 and collateral deposit company.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

078

068 CHAPTER 8

068

068 GENERAL PROVISIONS, REPEALS AND SAVINGS CLAUSE

067

067 487.591 Attachment and execution against bank.

067

084 Sec. 291. Attachment or execution shall not be issued against
084 any bank or its property before final judgment in any suit,
084 action or proceeding in any court.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.592 Use of word "bank," "banker," or "banking."

067

084 Sec. 292. The use of the word "bank", "banker", or "banking" or
084 in any foreign language words of similar meaning as a designation
084 or name, or part of a designation or name under which business is
084 or may be conducted in this state, is restricted to a national
084 bank, a bank subject to the provisions of this act, out-of-state
084 bank, a bank holding company registered as such under the
084 provisions of the federal bank holding company act of 1956,
084 chapter 240, 70 Stat. 133, a foreign bank agency, a foreign bank
084 branch, a savings and loan holding company as defined in 12
084 C.F.R. 583.20, or a savings bank that is lawfully conducting
084 business in this state, unless that designation or name, taken as
084 a whole, would not imply a banking business.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969;--Am. 1972, Act

078 266, Imd. Eff. Oct. 4, 1972;--Am. 1984, Act 250, Imd. Eff.

078 Oct. 15, 1984;--Am. 1995, Act 202, Imd. Eff. Nov. 29, 1995.

067

067 487.593 Scope of act.

067

084 Sec. 293. (1) The powers, privileges, duties and restrictions
084 conferred and imposed upon any institution existing and doing
084 business under the laws of this state, to which this act is
084 applicable, are abridged, enlarged or modified as each particular
084 case may require to conform to the provisions of this act and to
084 such amendments as may be made thereto. Nothing in this act shall
084 be construed to affect the legality of investments heretofore
084 made, or of transactions heretofore had, pursuant to any
084 provisions of law in force when such investments were made or
084 transactions had, nor to require the change of investments for
084 those named in this act, except as the same can be done by the
084 sale or redemption of the securities so invested in, in such
084 manner as to prevent loss or embarrassment in the business of
084 such institution, or unnecessary loss or injury to the borrowers
084 on such securities; but no extension of any such loan or
084 investment shall be made by any institution, unless necessary to
084 avoid loss or embarrassment as above provided.

084

084 (2) No institution which may be incorporated under this act
084 shall hereafter be incorporated except under the provisions of
084 this act. Every institution governed by the terms of this act
084 heretofore organized and incorporated under any law of this
084 state, which if now incorporated would be required to incorporate
084 under and be subject to this act, shall hereafter be subject to

084 the provisions of this act without formal reorganization
084 hereunder and such corporations shall be deemed to exist under
084 this act and the provisions of this act shall govern all such
084 corporations heretofore or hereafter incorporated in this state.
084 Nothing in this act shall be construed as attempting to deprive
084 any such corporation of any constitutional power, right,
084 privilege or franchise which any such corporation now enjoys; nor
084 to deprive any trust company of any abstracting business which it
084 may now own and operate.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.595 General corporation act not applicable.

067

084 Sec. 295. Notwithstanding any other provision of law, no bank,
084 industrial bank or trust company subject to the provisions of
084 this act shall be governed by the provisions of Act No. 327 of
084 the Public Acts of 1931, as amended, being sections 450.1 to
084 450.192 of the Compiled Laws of 1948.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.597 Repeal of SS 487.1 to 487.292.

067

084 Sec. 297. Act No. 341 of the Public Acts of 1937, as amended,
084 being sections 487.1 to 487.292 of the Compiled Laws of 1948, is
084 repealed.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

067

067 487.598 Saving clause.

067

084 Sec. 298. This act shall not impair or affect any act done,
084 offense committed or right accruing, accrued or acquired, or
084 liability, penalty, forfeiture or punishment incurred prior to
084 the time this act takes effect, but the same may be enjoyed,
084 asserted, enforced, prosecuted or inflicted, as fully and to the
084 same extent as if this act had not been passed. Such proceedings
084 may be consummated under and according to the law in force at the
084 time such proceedings are or were commenced. All prosecutions
084 pending at the effective date of this act and all prosecutions
084 instituted after the effective date of this act for offenses
084 committed prior to the effective date of this act may be
084 continued or instituted under and in accordance with the
084 provisions of the law in force at the time of the commission of
084 such offense.

084

078 History: 1969, Act 319, Imd. Eff. Aug. 20, 1969.

078