SAVINGS BANK ACT (EXCERPT)
Act 354 of 1996
CHAPTER 3
CORPORATE STRUCTURE

487.3301 Corporation; formation; purpose.
Sec. 301. A corporation may be formed by 1 or more persons in accordance with the laws of this state for
the purpose of conducting a savings bank business.

487.3302 Organization of savings bank; application; forms; notice; publication requirements;
waiver; examination of information and statements; approval or disapproval of application.
Sec. 302. (1) A person shall apply to the commissioner for permission to organize a savings bank under
this act. The application shall be on forms prescribed by the commissioner and set forth such information as
the commissioner may require.
(2) After making application, the incorporators shall publish notice twice and in consecutive weeks that the
application has been made. The notice shall set forth the names and addresses of the incorporators and the
proposed name and location of the savings bank to be organized. Proof of the notice shall be furnished to the
commissioner within 30 days after the date of the application. The commissioner may waive the publication
requirements, if in his or her opinion, the waiver is necessary or appropriate in the public interest.
(3) The commissioner shall examine the information and statements contained in the application as well as
make any investigation as to the conditions and circumstances surrounding or in any manner affecting or
pertaining to the organization of the savings bank sufficient to satisfy him or her as to all of the following:
(a) Whether the character, responsibility, and fitness of the incorporators and of the proposed directors and
officers, and their motives in seeking to organize the savings bank are such as to command the confidence of
the community and to warrant the belief that the business of the proposed savings bank will be honestly and
efficiently conducted.
(b) Whether the convenience and needs of the public will be served by the proposed savings bank.
(c) The likelihood of successful operation of the proposed savings bank, giving consideration to, but not by
way of limitation, all of the following:
(i) Population density.
(ii) Economic characteristics of the area primarily to be served.
(iii) The competition offered by existing savings banks, other financial institutions, and other providers of
financial services.
(d) Whether the capital structure of the proposed savings bank meets the requirements of section 307.
(4) The commissioner shall approve or disapprove the application in writing within 100 days of the receipt
of the application or the last amendment or supplement to the application, except that in the case of an
application to organize a new bank under section 706 for the sole purpose of consolidating or merging the
new bank with or into an existing bank, the commissioner shall approve or disapprove the application in
writing within 30 days of the receipt of the application or the last amendment or supplement to the
application. If the commissioner disapproves the application, the applicants may appeal in the manner
provided in section 214.

487.3302a Organization of branch by out-of-state savings bank; proof of federal insurance
on deposits; determination of compliance; certificate of organization and eligibility to
accept deposits and investments of public funds.
Sec. 302a. (1) An out-of-state savings bank may apply to organize a branch in this state under this act by
providing to the commissioner proof that its deposits are insured by an agency of the United States
government.
(2) If the commissioner determines after receipt of the proof required under subsection (1) that the
out-of-state savings bank is safe and sound, that the out-of-state savings bank is subject to regulation, that
there exists an agreement for exchange of supervisory information between the bureau and the out-of-state
savings bank regulator, and that the out-of-state savings bank has otherwise complied with this act, the
commissioner shall provide to the out-of-state savings bank a certificate of organization and eligibility to
accept deposits and investments of public funds of the state and local units of government.
487.3303 Organization of savings bank to serve depository institutions; application.

Sec. 303. (1) Any number of depository institutions may apply to organize a savings bank exclusively to serve depository institutions or their officers, directors, employees, and affiliates.

(2) Any number of depository institutions may apply to organize a savings bank to engage exclusively in providing trust services and other services as may be authorized by order or declaratory ruling of the commissioner.

(3) A depository institution may apply to the commissioner for permission to organize a savings bank under this section. The application shall be in the form prescribed by the commissioner and set forth the information the commissioner requires.

(4) The commissioner shall examine the information contained in the application and make any other investigation the commissioner considers necessary pertaining to the organization of the new savings bank. The commissioner shall issue to the applicants, within the time period provided in section 214, written notice of approval or disapproval of the application.

(5) Except as otherwise provided by rule, a savings bank organized under this section is not subject to the provisions of section 302, but shall comply with all other provisions of this act.

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

(7) As used in this section, “applicant” means the depository institutions making an application under this section.


487.3304 Organizational expenses; reimbursement; review.

Sec. 304. (1) Following the date authorized by the commissioner for the savings bank to commence business, the savings bank may reimburse the organizers for reasonable and necessary organizational expenses. Any reimbursement under this section shall be predicated upon an accounting of the organizational expenses by an independent certified public accountant which shall be prepared in accordance with generally accepted accounting principles.

(2) The commissioner may review the accounting of the organizational expenses and may order the organizers to restore any sums that were reimbursed for other than reasonable and necessary expenses.


487.3305 Articles of incorporation.

Sec. 305. (1) Upon approval of the application, at least 2 original articles of incorporation executed by a majority of the applicants shall be submitted to the commissioner. If the commissioner finds that the articles conform to law and that all fees and charges have been paid as required by law, he or she shall approve and file 1 of the original articles in his or her office and certify and forward 1 of the original articles to the incorporators.

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

(3) The articles of incorporation shall provide all of the following information:

(a) The name of the savings bank. The name shall not be similar to the name of any other savings bank transacting business in this state that would cause confusion.

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

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

(d) The authorized number of shares of common and preferred stock for a stock savings bank and 1 of the following:

(i) If the savings bank is to be authorized to issue only 1 class of stock, the par value of the shares.

(ii) If the savings bank is to be authorized to issue more than 1 class of stock, the number of shares of each class, the par value of each class, and a statement of all designations, powers, preferences, rights, qualifications, limitations, and restrictions of each class.

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

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

(g) Any other provisions consistent with the business of banking and for the conduct of the affairs of the
If the commissioner approves and files the articles of incorporation under this act, the savings bank shall become a body corporate. A savings bank shall not transact any business, except as is incidental and necessary to its organization, until it has been authorized by the commissioner to commence business.

Except shareholders, members, officers, and directors of a savings bank, a person dealing with a savings bank organized under this act shall not be charged with constructive notice of the contents of any articles or papers by reason of a filing required under this act.


### 487.3306 Authorization to commence business; conditions; verification; certificate with official seal; application deemed abandoned and no effect; first meeting.

Sec. 306. (1) Within 30 days after the approval and filing of its articles of incorporation, or such later time not to exceed 1 year as approved by the commissioner, the savings bank shall notify the commissioner that all of its capital and surplus has been fully paid in and that it has complied with all the provisions of this act required to be complied with before a savings bank shall be authorized to commence business.

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

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

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


### 487.3307 Required capital; applicability of section to consolidated organization; authorization of stock savings bank or mutual savings bank to commence business; total capital; maintenance of surplus amount.

Sec. 307. (1) A stock savings bank organized under this act shall have capital in an amount as the commissioner considers adequate.

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

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

(4) A mutual savings bank shall not be authorized to commence business until:

(a) An aggregate minimum dollar amount and number of savings accounts shall be subscribed for and paid in cash, as determined by the commissioner.

(b) The commissioner shall have received confirmation from the federal deposit insurance corporation that the accounts of the mutual savings bank will be insured by the federal deposit insurance corporation.

(5) After organization each savings bank shall maintain adequate total capital for the conduct of its business and the protection of its depositors. The total capital of a savings bank shall be analyzed and appraised in relation to the character of its management, the liquidity of assets, history of earnings and of the retention of earnings, the potential volatility of the deposit structure, its risk management, and the savings bank's capacity to furnish the broadest service to the public.

(6) At all times a stock savings bank shall maintain surplus in an amount which is equal to at least the amount of its capital, except as provided in subsection (3) as to the initial surplus and except as provided in section 316 and shall not reduce surplus without the approval of the commissioner.


### 487.3308 Stock savings bank; stock issuance.
Sec. 308. A stock savings bank may issue shares of common stock and preferred stock that may be divided into classes and the classes into series.


487.3309 Mutual savings bank; membership.

Sec. 309. The membership of a mutual savings bank shall consist solely of every depositor or holder of a deposit account issued by the savings bank.


487.3310 Issuance of capital notes, debentures, and other indebtedness.

Sec. 310. (1) A savings bank, with the approval of shareholders owning 2/3 of the stock of a stock savings bank who are entitled to vote, or with the approval of 2/3 of the members of a mutual savings bank who are entitled to vote, may issue capital notes, debentures, and any other instrument of indebtedness, with or without warrants for preferred or common stock, convertible and nonconvertible, subordinated on insolvency, liquidation, or dissolution to all obligations except obligations to shareholders or members, in such amounts and under such terms and conditions as are approved by the commissioner on the basis of normal business considerations.

(2) In connection with the issuance of convertible capital notes, debentures, or any other instrument of indebtedness, the commissioner may grant approval for the savings bank to reserve a number of authorized and unissued shares of capital stock as required for issuance in exchange for capital notes and debentures with respect to which conversion privileges exist.

(3) If capital notes, debentures, or any other instrument of indebtedness are converted into shares of common or preferred stock, a verified certificate executed by the president of the savings bank stating the amount of the conversion, and any other information with respect to the conversion as the commissioner may require, shall be filed in the office of the commissioner.

(4) Outstanding capital notes, debentures, and any other instrument of indebtedness issued under this section shall be added to “capital” and “capital stock” as the terms are used in sections 428, 429, and 432 to 434, for the purpose of computing the limitations contained in those sections based on amounts of capital and capital stock.


487.3311 Applicability of provisions to voting stock.

Sec. 311. Whenever a vote of the holders of shares of stock is required by this act, those provisions shall apply only to the voting stock of the savings bank, bank, out-of-state bank, national bank, or association.


487.3312 Issuance of stock by mutual savings bank; conversion.

Sec. 312. Upon application and approval of the commissioner, a mutual savings bank may amend its articles of incorporation to authorize the issuance of stock and may issue stock. Conversion shall be accomplished in accordance with section 715.


487.3313 Issuance of certificates of stock by savings bank.

Sec. 313. (1) Except as provided in subsection (2), the shares of a savings bank shall be represented by certificates of stock that shall be issued to every shareholder and transferable on the books of the savings bank in a manner as may be prescribed in the bylaws or articles of incorporation. A transfer of stock shall not be valid against the savings bank, except with the consent of the board of directors, so long as the registered holder of the stock is liable as principal debtor, surety, or otherwise to the savings bank for any debt which is due and unpaid.

(2) Unless the articles of incorporation or bylaws provide otherwise, the board may authorize the issuance of some or all of the shares of any or all of its classes or series of stock without certificates if within a reasonable time after issuance of a share without a certificate the savings bank provides the shareholder with a written statement of the information required on a certificate under subsection (5). The authorization shall not have any effect on shares already represented by certificates unless they are surrendered to the savings bank.

(3) If the registered holder of stock of a savings bank is liable to the savings bank as principal debtor, surety or otherwise for any debt which is due and unpaid, the directors of the savings bank may sell a sufficient amount of the stock of the delinquent shareholder in the same manner and with the same effect as provided in section 501. This section does not prevent the savings bank from bringing proceedings to recover the entire amount of the indebtedness at any time before the sale or to recover the balance of the debt and
costs after the proceeds of sale have been applied against the debt and costs or to recover the balance of the
debt after the cancellation of the stock.

(4) Except as provided in section 501, the rights of a savings bank in its stock in which the shareholder is
liable to the bank as principal debtor, surety, or otherwise is subject to any pledge, sale, or other transfer of
the stock that is made before the maturity of an indebtedness of the registered holder of the stock to the
savings bank and of which the savings bank has knowledge before the maturity, whether or not the stock was
transferred on the books of the savings bank. Any stock of a savings bank that is pledged, sold, or otherwise
transferred before the maturity of any indebtedness of the registered holder of the stock to the savings bank
and of which pledge, sale, or other transfer the savings bank has knowledge before the maturity, may be
transferred on the books of the savings bank after the maturity without the consent of the board of directors of
the savings bank.

(5) The rights of a savings bank in its stock under this section, including the limitation on transferability if
the registered holder is liable to the savings bank for any debt that is due and unpaid, shall not be applicable
with respect to any stock duly listed on any stock exchange.

(6) Each certificate issued after the effective date of the amendatory act that added subsection (8) shall
state all of the following:
(a) The name and address of the principal office of the savings bank.
(b) The name of the holder of record of the stock it represents.
(c) The number, par value, class, and series of shares which the certificate represents.
(d) The respective voting, distribution, dividend, liquidation, dissolution, and other rights, preferences, and
limitations of the stock issued, which information shall be stated in full or in summary upon the front or back
of the certificate or shall be incorporated by a reference to the articles of incorporation set forth on the front of
the certificate.
(e) If the stock is not listed, that no transfer of the stock shall be valid against the savings bank so long as
the registered holder is liable as principal debtor, surety, or otherwise to the savings bank, except with the
approval of the board of directors or as otherwise provided in this act.
(f) The signature of the president or other officer as provided by the bylaws of the savings bank and,
optionally, the seal of the savings bank.

(7) All of the following may be a facsimile:
(a) The signature of a transfer agent.
(b) The signature of a registrar.
(c) The signature of an officer of the savings bank.
(d) The seal of the savings bank.

(8) If an officer who has signed a share certificate or whose facsimile signature has been used on a share
certificate ceases to be an officer, whether because of death, resignation, or otherwise, before the certificate
has been delivered by the savings bank, the certificate, nevertheless, may be adopted by the savings bank and
delivered as though the person who signed it or whose facsimile signature has been used on the stock had not
ceased to be an officer.


487.3314 Increase in capital stock.
Sec. 314. (1) By a vote of shareholders owning 2/3 of each class of the stock entitled to vote, a savings
bank may amend its articles to increase its capital stock to any sum approved by the commissioner, either by
an increase in the par value of authorized stock or by the authorization of new stock.

(2) An increase in capital shall not be valid until the whole amount of the increase has been paid in, notice
of the payment signed by an officer of the savings bank has been transmitted to the commissioner, and the
commissioner's certificate of approval has been obtained specifying the amount of the increase in capital and
that it has been duly paid in as a part of the capital of the savings bank. The certificate shall be conclusive
evidence that the stock has been duly and validly issued.

(3) In the case of the issuance of new stock, in voting upon the increase of capital stock, 2/3 of the
shareholders entitled to vote shall have power to fix the value of, and the price at which the stock shall be
subscribed and paid for by the shareholders, but not less than par, as well as the time and manner of the
subscription and payment, and to authorize the directors to sell the stock.

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


### 487.3315 Reduction in capital stock.

Sec. 315. (1) By a vote of shareholders owning 2/3 of the stock entitled to vote of the savings bank, a savings bank may reduce its capital stock to an amount not less than that required by this act to authorize the formation of the savings bank. The reduction may be accomplished by a reduction in the par value of the existing stock or by a reduction in the number of the shares of the stock. A reduction shall not be made until the amount of the proposed reduction has been reported to and approved by the commissioner.

(2) The approval of the commissioner shall be based upon a finding by him or her that the security of existing creditors of the savings bank will not be impaired by the proposed reduction. This section does not discharge a savings bank that has decreased its capital stock from an obligation or demand that is due from the savings bank.

(3) Retirement of preferred stock under the articles of incorporation is not considered to be a reduction of capital under this section.

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


### 487.3316 Declaration and payment of dividends.

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

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

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

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

(d) If the surplus of a savings bank is less than the amount of its capital, before the declaration of a cash dividend or dividend in kind, it shall transfer to surplus not less than 10% of its net income of the preceding half-year in the case of quarterly or semiannual dividends, or not less than 10% of its net income of the preceding 2 consecutive half-year periods in the case of annual dividends. For the purpose of this section, an amount transferred to a fund for the retirement of preferred stock of the savings bank out of its net income for the periods is considered to be additions to its surplus, if upon the retirement of the preferred stock the amounts credited into the retirement fund may then properly be carried to surplus. The savings bank is obligated to credit to surplus the amounts transferred into the retirement fund on account of the preferred stock as the stock is retired.

(e) Notwithstanding the limitations of this section, a savings bank with the approval of the commissioner and by vote of shareholders owning 2/3 of the stock entitled to vote may increase its capital stock by declaration of a stock dividend on the capital stock. After the increase the surplus of the bank shall be at least equal to 20% of the capital stock as increased.

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

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

(4) Dividends paid to shareholders under a dividend reinvestment plan shall be subject to this act regarding the payment of dividends.


### 487.3317 Mutual savings bank; meetings.

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

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

(3) In the consideration of all questions requiring action by the members of a mutual savings bank, each member shall be entitled to the number of votes set forth in the savings bank’s charter. The savings bank charter may provide between 1 and 1,000 votes per member and may further provide that each member shall be permitted to cast 1 vote for each $100.00, or fraction thereof, of the withdrawal value of his or her deposit account.

(4) In order that a mutual savings bank may determine the members entitled to notice of any meeting to vote, or entitled to receive a distribution or to exercise any rights in respect of any other lawful action, the board of directors of the savings bank may fix, in advance, a record date that is not more than 9 months or less than 6 months prior to the date of the meeting or more than 9 months prior to any other action.


487.3318 Records.

Sec. 318. (1) Each savings bank shall keep correct and complete books and records of accounts.

(2) Each mutual savings bank shall maintain membership records which shall show the name and address of the member and date of membership.


487.3319 Savings bank; meetings; voting.

Sec. 319. (1) The annual meeting of the shareholders of every stock savings bank shall be held at a time and place designated by or in the manner provided in the bylaws. Special meetings of shareholders shall be called and held as provided in the bylaws of the savings bank. At any meeting, each shareholder entitled to vote shall be entitled to 1 vote for each share held by him or her. A shareholder may vote at any meeting of the savings bank by written proxy.

(2) Persons holding shares of stock of a savings bank in a fiduciary capacity are entitled to vote the shares so held, unless the trust instrument contains a provision to the contrary. Persons whose shares are pledged are entitled to vote unless in the transfer by the pledgor on the books of the savings bank he or she has expressly empowered the pledgee to vote the shares, in which case only the pledgee or his or her proxy may vote the shares.

(3) A shareholder shall not vote his or her stock in any manner except in person or by proxy. This prohibition shall not be construed to apply to any voting trust agreement of shareholders with respect to the voting of stock, which agreement has been approved by the commissioner.


487.3320 Savings bank; meeting notice.

Sec. 320. The commissioner may call a meeting of the members or shareholders of a savings bank for any purpose by giving a notice of the time, place, and purposes of this meeting at least 3 days prior to the meeting to the members or shareholders either by personal service, registered mail sent to their last known addresses as shown by the books of the savings bank, or by publication at least once a week for 4 consecutive weeks prior to the meeting.


487.3321 Savings bank; stock ledger; designation of transfer agent or registrar of shares; list to be furnished upon request.

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

(2) Upon demand made by the commissioner, a savings bank shall file with the commissioner a list containing the name and address of each shareholder of the savings bank together with the number of shares held by each according to its records as of the close of business on the date of issuance of the demand.

(3) Within 2 calendar weeks of any demand made for a purpose reasonably related to the requester's interest as a shareholder or as a representative of a group of shareholders by any shareholder being the record holder or by the president, a vice president, or the secretary upon the written request of members holding of record in the aggregate at least 10% of the savings deposits of the savings bank. The written request shall show the purposes of the meeting and shall be delivered to the principal office of the mutual savings bank addressed to the president.

owner of at least 5% of the issued shares of the savings bank or by any person representing any group who are
the record owners of at least 5% of the issued shares of the savings bank, the savings bank shall prepare and
furnish the requester a list containing the name and address of each shareholder of the savings bank together
with the number of shares held by each according to its records as of the close of business on the date of
receipt of the demand.


487.3322 Savings bank; election of directors; vacancy; bylaws; meetings; chief executive
officer; minutes; quorum; notice of meeting.

Sec. 322. (1) A savings bank shall be managed by a board of not less than 5 nor more than 25 directors
who shall be elected in the first instance by the incorporators at a meeting held before the savings bank is
authorized to commence business and afterwards at the annual meeting of the members or shareholders. If for
any reason an election is not held at the annual meeting, then the election shall be held at any subsequent
meeting called for that purpose of which notice is given as provided in the bylaws of the savings bank. The
board of directors may fill a vacancy that occurs in the board by death, resignation, or otherwise for the
unexpired term. Subject to limitations as to numbers, the shareholders or members may elect directors not to
exceed 2 less than the full board and the unfilled directorships shall be considered as vacancies and filled by
the board of directors. Directors shall hold office until their successors are elected and have qualified.

(2) The bylaws of the savings bank shall provide for the shareholder election of directors in 1 of the
following methods:

(a) The shareholders annually may elect the full board of directors.
(b) The shareholders annually may elect a board of directors with not more than 2 unfilled directorships.
The unfilled directorships are considered vacancies to be filled by the board of directors.
(c) The shareholders may elect directors with staggered terms of office as provided for in subsection (3).

(3) The election of directors with staggered terms of office shall be provided for in the bylaws of the
savings bank as follows:

(a) That the directors will be divided into 2 or 3 classes, each to be as nearly equal in number as possible.
(b) The term of office of directors in the first class shall expire at the first annual meeting of shareholders
after their election, that of the second class shall expire at the second annual meeting after their election, and
that of the third class, if any, shall expire at the third annual meeting after their election.
(c) At each annual meeting after the classification established under subdivision (b), a number of directors
equal to the number of the class whose term expires at the time of the meeting shall be elected to hold office
until the second succeeding annual meeting if there are 2 classes, or until the third succeeding annual meeting
if there are 3 classes.

(4) The board of directors shall meet not less than 6 times per year, in person or by means of electronic
communication devices that enable all participants in a meeting to communicate with each other, for the
purpose of carrying out their duties under this act. The directors shall designate the savings bank's chief
executive officer at the first board of directors meeting of each fiscal year. The board shall keep and record
minutes of each meeting. The minutes shall be signed by the presiding officer and the secretary of the
meeting. A majority of the board of directors constitutes a quorum for the transaction of business.

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


487.3323 Oath.

Sec. 323. Each director prior to taking office shall take and subscribe an oath that he or she will diligently
and honestly perform his or her duties and will not knowingly violate, or permit to be violated, any provisions
of this act. The signed oath shall be transmitted to the commissioner.


487.3324 Purchase or sale of securities by director; conditions.

Sec. 324. (1) A savings bank may contract for, or purchase from, any of its directors, or from any person of
which any of the savings bank's directors is an officer, director, manager, owner, employee, or agent, any
securities or other property, only when the purchase is made in the ordinary course of business upon terms not
less favorable to the savings bank than those offered by others, and the purchase is authorized by a majority of
the board of directors not interested in the sale of the securities or property evidenced by their affirmative vote.
or written assent. If a director, or person of which any director is an officer, director, manager, owner, employee, or agent, acting for or on behalf of others, sells securities or other property to a savings bank, the commissioner may require a full disclosure to be made of all commissions or other considerations received. If a director or person, acting in his, her, or its own behalf, sells securities or other property to the savings bank, the commissioner may require a full disclosure of all profits realized from the sale.

(2) A savings bank may sell securities or other property to any of its directors, or to an entity of which any of its directors is an officer, director, manager, owner, employee, or agent in the ordinary course of business on terms not more favorable to the director or person than those offered to others, when the sale is authorized by a majority of the board of directors of a savings bank evidenced by their affirmative vote or written assent.

(3) This section shall not be construed as authorizing savings banks to purchase or sell securities or other property that savings banks are not otherwise authorized by law to purchase or sell.


487.3325 Director or officer of savings bank; discharge of duties; violation; removal; vote.

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

(2) In discharging his or her duties, a director or an officer when acting in good faith may rely upon the opinion of legal counsel for the savings bank, upon the report of an independent appraiser selected with reasonable care by the board or by an officer of the savings bank, or upon financial statements of the savings bank represented to him or her to be correct by the president or the officer of the savings bank having charge of its books of account, or as stated in a written report by an independent public or certified public accountant or firm of accountants fairly to reflect the financial condition of the savings bank.

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

(a) A breach of the director's duty of loyalty to the savings bank or its shareholders or members.
(b) Acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law.
(c) A violation of section 223.
(d) A transaction from which the director derived an improper personal benefit.

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

(5) If a director or officer of a savings bank knowingly violates, or knowingly permits any of the agents, officers, directors, or employees of the savings bank to violate, this act, rules promulgated under this act, or an order or declaratory ruling of the commissioner, every director and officer who participated in or assented to the violation shall be held liable in his or her personal and individual capacity for all damages that the savings bank, any shareholder, or any other person sustains as a result of the violation. An action to recover damages under this section shall be brought within 3 years from the time of the violation.

(6) The shareholders may remove 1 or more directors with or without cause unless the articles provide that directors may be removed only for cause. The vote for removal shall be by a majority of shares entitled to vote at an election of directors, except that the articles may require a higher vote for removal without cause. This subsection shall not invalidate any bylaw adopted before the effective date of the amendatory act that added this subsection that applies to removal without cause.

(7) In the case of a savings bank having cumulative voting, if less than the entire board is to be removed, a director shall not be removed if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the entire board of directors, or, if there are classes of directors, at an election of the class of directors of which he or she is a part.

(8) If holders of a class or series of stock are entitled by the articles to elect 1 or more directors, this section applies, with respect to removal of a director so elected, to the vote of the holders of the outstanding shares of that class or series of stock.


487.3326 Indemnification of party.

Sec. 326. (1) A savings bank may indemnify a person who was or is a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding, whether civil, criminal,
administrative, or investigatory and whether formal or informal, other than an action by or in the right of the savings bank, or by reason of the fact that he or she is or was a director, officer, employee, or agent of the savings bank or is or was serving at the request of the savings bank as a director, officer, partner, trustee, employee, or agent of another financial institution, foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorneys’ fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding if the person acted in good faith and in a manner he or she reasonably believed to be in and not opposed to the best interests of the savings bank or its members or shareholders, and in a criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful. The termination of an action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, does not create a presumption that the person did not act in good faith and in a manner that he or she reasonably believed to be in and not opposed to the best interests of the savings bank or its members or shareholders, and in a criminal action or proceeding create a presumption that the person had reasonable cause to believe that his or her conduct was unlawful.

(2) A savings bank may indemnify a person who was or is a party to or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the savings bank to procure a judgment in its favor or by reason of the fact that he or she is or was a director, officer, partner, trustee, employee, or agent of the savings bank or is or was serving at the request of the savings bank as a director, officer, partner, trustee, employee, or agent of another financial institution, foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including actual and reasonable attorneys’ fees and amounts paid in settlement actually and reasonably incurred by the person in connection with the action or suit if the person acted in good faith and in a manner the person reasonably believed to be in and not opposed to the best interests of the savings bank or its shareholders or members. Indemnification shall not be made for a claim, issue, or matter in which the person has been found liable to the savings bank except as authorized in subsection (3).

(3) A director, officer, employee, or agent of the savings bank who is a party or threatened to be made a party to an action, suit, or proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. On receipt of an application, the court after giving any notice it considers necessary may order indemnification if it determines that the person is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he or she met the applicable standard of conduct set forth in this section or was adjudged liable, but if he or she was adjudged liable, his or her indemnification is limited to reasonable expenses incurred.


487.3327 Indemnification of director, officer, employee, or agent.

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

(2) An indemnification under section 326, unless ordered by a court, shall be made by the savings bank only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in section 326. This determination shall be made by any of the following:

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

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

(c) Independent legal counsel in a written opinion.

(d) The shareholders or members.

(3) If a person is entitled to indemnification under section 326 for a portion of expenses, including actual and reasonable attorneys’ fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount of the expenses, the savings bank may indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

487.3328 Payment or reimbursement of expenses incurred in civil or criminal action, suit, or proceeding.
Sec. 328. A savings bank may pay or reimburse the reasonable expenses incurred by a director, officer, employee, or agent who is a party or threatened to be made a party to an action, suit, or proceeding described in this section in advance of the final disposition of the action, suit, or proceeding if all of the following apply:
(a) The person furnishes the savings bank a written affirmation of his or her good faith belief that he or she has met the applicable standard of conduct set forth in this section.
(b) The person furnishes the savings bank a written undertaking executed personally or on his or her behalf to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct. The undertaking shall be by unlimited general obligation of the person on whose behalf advances are made but need not be secured.
(c) A determination is made that the facts then known to those making the determination would not preclude indemnification under this act.

487.3329 Rights to indemnification.
Sec. 329. (1) The indemnification or advancement of expenses provided by or granted under this act is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under the articles of incorporation, the bylaws, or a contractual agreement. The total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.
(2) The right to indemnification provided for under this act continues for a person who ceases to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of the person.

487.3330 Insurance; trust fund.
Sec. 330. (1) A savings bank has the power to purchase and maintain insurance, including insurance issued by an affiliated insurer and insurance for which premiums may be adjusted retroactively, in whole or in part, based upon claims experience, or similar arrangements.
(2) A savings bank may also create a trust fund or other form of funded arrangement on behalf of any person who is or was a director, officer, employee, or agent of the savings bank or is or was serving at the request of the savings bank as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against any liability asserted against him or her and incurred by him or her in any capacity or arising out of his or her status in that capacity, whether or not the savings bank has the power to indemnify him or her against the liability under sections 326 to 329.

487.3330a Consolidation or merger; position of director, officer, employee, or agent of depository institution.
Sec. 330a. For purposes of this section and sections 326, 327, 328, 329, 330, and 332, a person who is or was a director, officer, employee, or agent of a depository institution absorbed in a consolidation or merger or is or was serving at the request of the depository institution as a director, officer, partner, trustee, employee, or agent of another depository institution, foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, shall hold the same position with respect to the consolidated bank as he or she would if he or she had served the consolidated bank in that capacity.

487.3331 Articles of incorporation; amendment.
Sec. 331. (1) With the approval of the commissioner and by vote of a majority of members or voting shares of the savings bank, a savings bank may amend its articles of incorporation in any manner not inconsistent with this act.
(2) An amendment is effective when certified copies of the amendment in a form as the commissioner may require signed by the president or a vice president and the cashier or an assistant cashier, have been submitted to the commissioner and have been approved and filed by the commissioner as with the original articles of incorporation.
(3) Notwithstanding subsection (2), an amendment that provides solely for a change in the name of the savings bank is not subject to the approval of the commissioner and shall be effective on the date it is filed with the commissioner or at a later date specified in the amendment.


487.3332 Definitions; best interests of savings bank, shareholders, or members.

Sec. 332. (1) As used in sections 325 to 331:
(a) “Fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan.
(b) “Other enterprise” shall include employee benefit plans.
(c) “Savings bank” includes all savings banks, banks, out-of-state banks, national banks, and associations, absorbed in a consolidation or merger and the consolidated savings bank, so that a person who is or was a director, officer, employee, or agent of the savings bank, bank, out-of-state bank, national bank, or association or is or was serving at the request of the savings bank, bank, out-of-state bank, national bank, or association as a director, officer, partner, trustee, employee, or agent of another savings bank, bank, out-of-state bank, national bank, or association, foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, shall hold the same position with respect to the consolidated savings bank as he or she would if he or she had served the consolidated savings bank in that capacity.
(d) “Serving at the request of the savings bank” shall include any service as a director, officer, employee, or agent of the savings bank which imposes duties on, or involves services by, the director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries.
(2) A person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be considered to have acted in a manner not opposed to the best interests of the savings bank or its shareholders or members as referred to in section 326.


487.3333 Liquidation; notice; certificate of termination; designation of liquidating agent or committee; bond; reports; removal; appointment of new agent or committee; examination by commissioner; publication of notice; filing and forwarding certificate of termination.

Sec. 333. (1) A solvent savings bank may go into liquidation and be closed upon expiration of its corporate charter or by the vote of a 2/3 majority of members or voting shares. In the event of a termination, the last board of directors immediately upon expiration of its corporate charter or adoption of the resolution by the members or shareholders shall notify the commissioner of the action by filing with him or her in quadruplicate a certificate of termination signed by a majority of the remaining members of the board of directors. The certificate shall be in a form as the commissioner may require.
(2) The members or shareholders shall designate 1 or more persons to act as a liquidating agent or committee and the agent or committee shall conduct the liquidation in accordance with the law and under the supervision of the commissioner and the board of directors.
(3) The agent or committee shall furnish to the savings bank a bond satisfactory to the commissioner in form and amount.
(4) The liquidating agent or committee shall render to the commissioner reports in a form and at such times as the commissioner may require. The liquidating agent or committee shall make periodic reports not less frequently than annually to the members or shareholders.
(5) At any lawfully convened meeting, by vote of a majority of members or voting shares, the members or shareholders may remove the liquidating agent or committee and appoint a new agent or a new committee.
(6) The commissioner may examine the affairs of a liquidating savings bank at any time for the purpose of determining that the rights of the depositors and creditors are being properly served. The expenses of the examination shall be paid by the savings bank but shall not exceed $100.00 per day for each examiner and actual expenses incurred while making the examination, to be credited to the general fund.
(7) The liquidating agent or committee shall publish a notice once each week for 8 consecutive weeks informing depositors and creditors to present their claims against the savings bank for payment. Proof of the publication shall be filed with the commissioner by the liquidating agent or committee. The provisions of this section with respect to publication of notice shall not apply to a savings bank in voluntary liquidation which disposes of sufficient assets to a state or national bank to pay its depositors and creditors in full or if all of its liabilities are assumed by the state or national bank.
(8) If the commissioner finds that a liquidation has been completed in conformity to law and when all fees and charges have been paid as required by law, he or she shall file 1 copy of the certificate of termination in the office of the bureau and shall certify and forward by mail 1 copy to the corporation division, department
of treasury, 1 copy to the county clerk in the county in which the bank is located and 1 copy to the liquidating agent or committee, and the existence of the savings bank shall cease, subject to section 334.


### 487.3334 Commencement of voluntary liquidation procedures; savings bank as body corporate; actions, suits, or proceedings begun prior to liquidation proceeding; powers of surviving directors.

Sec. 334. (1) Except as provided in subsection (2), a savings bank that commences voluntary liquidation proceedings under section 333 shall continue to be a body corporate for the further term of the lesser of 3 years from the commencement of the proceedings or the date the certificate is issued under section 333(8) for the purpose of prosecuting and defending actions for or against the savings bank and to enable it gradually to settle and close its affairs, to dispose of and convey its property, and to divide its assets but not for the purpose of continuing the business for which it was organized.

(2) With respect to an action, suit, or proceeding begun or commenced by or against the savings bank prior to the commencement of voluntary liquidation proceedings, and with respect to any action, suit, or proceeding begun or commenced by the savings bank within 3 years after the commencement of voluntary liquidation proceedings, the savings bank shall be continued as a body corporate until any judgments, orders, or decrees are fully executed.

(3) If the number of directors of a savings bank that has commenced voluntary liquidation proceedings is less than the full number of directors required or authorized by statute or by the bylaws of the savings bank for any reason, a majority of the remaining surviving directors or the sole surviving director shall possess the same powers in acting for the savings bank under this section as the duly authorized board of directors of the savings bank possessed before the commencement of voluntary liquidation proceedings.

(4) A savings bank in liquidation under the laws of this state shall not continue to be a body corporate for the purpose of continuing the business for which it was organized.


### 487.3335 Savings bank; expiration of term by limitation; extension; renewal.

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

(2) A savings bank whose term has expired, but which has not been wound up or dissolved and which has nevertheless inadvertently continued its active business beyond such term, may renew its corporate existence by amendment of its articles with the consent of at least 2/3 of its members or the holders of at least 2/3 of the outstanding shares. The officers and directors de facto shall do and perform all things required of officers and directors de jure as respects calling a special meeting of the shareholders and submitting to them the question of renewing the corporate existence.

(3) A savings bank de facto shall not be permitted to renew its corporate life unless the action is taken within 3 years after its term has expired and renewal does not relieve the savings bank from any penalties that may have accrued against it under any law of this state.

(4) A savings bank whose term has been extended or renewed shall be the same savings bank and have the same members, shareholders, directors, and officers, enjoy all the rights, privileges, immunities, and powers, and be subject to all the liabilities that it respectively possessed and was subject to before the extension or renewal of its existence.


### 487.3336 Sale or purchase of assets; consideration; purpose; filing certified copies of proceedings; liability; maintenance of principal office or branches.

Sec. 336. (1) With the approval of the commissioner, based upon an examination or other appropriate analysis of either the buying or selling organization, or both, and upon the affirmative vote of a majority of the members of its board of directors and 2/3 of its members or the holders of 2/3 of its stock entitled to vote, a savings bank may do either or both of the following:

(a) Sell all or substantially all of its assets of every kind, character, and description and assign its liabilities to any depository institution.

(b) Purchase all or substantially all of the assets of every kind, character, and description and assume the liabilities of another depository institution.

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

(4) Certified copies of all shareholders' and directors' proceedings under this section shall be submitted to the commissioner and shall contain the terms of the sale and purchase, including a copy of the agreement of sale and purchase.

(5) The liability of a depository institution or of its shareholders, directors, or officers, or the rights of creditors of, or other persons transacting business with, the depository institution shall not be lessened or impaired as the result of a sale of assets under this section.

(6) Notwithstanding any other provision of this act, a savings bank that purchases or assumes all or substantially all of the assets or liabilities of a depository institution may retain, maintain, and operate the principal office or branches of the depository institution as branches of the purchasing savings bank without providing notice to the commissioner provided it assumes the deposit liabilities of the depository institution maintained at the principal office or branches.


487.3337 Sale or purchase of branches; notice.

Sec. 337. (1) A savings bank may sell 1 or more of its branches to a bank, out-of-state bank, national bank, association, or savings bank located in a state whose laws would permit a savings bank to purchase 1 or more branches in that state of the purchasing depository institution.

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

(3) A savings bank that purchases 1 or more branches under subsection (2) shall provide notice as required under section 417 before operating the purchased branch or branches.


487.3338 Unlimited amounts or share of deposits.

Sec. 338. There shall be no limit upon the amount or share of deposits held or controlled in this state by any savings bank or holding company on a consolidated basis.


487.3339 Compliance review committee; construction of section.

Sec. 339. (1) A compliance review committee shall evaluate and seek to improve all of the following:

(a) Loan policies or underwriting standards.

(b) Asset quality.

(c) Financial reporting to federal or state government or regulatory agencies.

(d) Compliance with federal or state statutory or regulatory requirements.

(2) Except as provided in subsection (3), all of the following apply to a compliance review committee:

(a) Compliance review documents are confidential and are not subject to discovery or admissible in evidence in a civil action.

(b) Individuals serving on a compliance review committee or acting under the direction of a compliance review committee shall not be required to testify in a civil action about the contents of a compliance review document or conclusions of a compliance review committee or about the actions taken by a compliance review committee.

(c) Compliance review documents delivered to individuals who are not members of the compliance review committee, or to other entities including state, federal, or foreign governmental or regulatory agencies, shall remain confidential and are not discoverable or admissible in evidence in a civil action.

(3) This section does not apply to any civil action initiated by a federal or state regulatory agency.

(4) This section shall not be construed to limit the testimony that can be required about matters other than the contents of a compliance review document or conclusions or actions of a compliance review committee. This section does not limit the discovery or admissibility in a civil action of any documents other than compliance review documents.