SAVINGS BANK ACT (EXCERPT)
Act 354 of 1996

487.3410 Investment in service entities.

Sec. 410. (1) Upon 30 days' notice to the commissioner, a savings bank may invest in service entities that engage in activities described in subsections (4) and (5). The maximum aggregate investment by a savings bank in service entities shall be the lesser of 5% of the savings bank's total assets or 75% of its capital and surplus, if it is a stock savings bank, or the lesser of 5% of the savings bank's total assets or 75% of its total capital, if it is a mutual savings bank.

(2) Except upon written approval of the commissioner, a savings bank shall not invest as a general partner in a service entity. For purposes of this section, investment in a service entity shall include loans by a savings bank or its subsidiary to a service entity.

(3) Subject to the investment limit in subsection (1), a savings bank or its subsidiary that has made an initial investment in a service entity may make additional investments in that service entity without notice to the commissioner.

(4) A service entity that directly, or through its wholly owned subsidiary, engages in any of the following activities or investments is a service entity in which a savings bank may invest:

(a) Services primarily for financial institutions that include any of the following:
   (i) Credit analysis, appraising, construction loan inspection, and abstracting.
   (ii) Developing and administering personnel benefit programs, including life insurance, health insurance, and pension or retirement plans.
   (iii) Research, studies, and surveys.
   (iv) Developing and operating storage facilities for microfilm or other duplicate records.
   (v) Advertising, brokerage, and other services to procure and retain both savings accounts and loans, but not pooling savings accounts or soliciting or promoting pooled savings accounts.
   (vi) Serving as escrow agent, including executing and delivering conveyances, reconveyances, and transfers of title.
   (vii) Providing liquidity management, investment, advisory, and consulting services.
   (viii) Providing clerical, accounting, and internal auditing services.
   (ix) Establishing, owning, leasing, operating, or maintaining remote service units.
   (x) Purchasing office supplies, furniture, and equipment.
(b) Real estate services that include any of the following:
   (i) Maintaining and managing real estate, including real estate used for agricultural purposes.
   (ii) Managing owners' associations for condominium, cooperative, planned unit development, or other rental real estate projects.
   (iii) Providing home ownership and financial counseling.
   (iv) Providing relocation services.
   (v) Providing real estate brokerage services for property owned by a person that owns an interest in the service entity, the service entity or its wholly owned subsidiary, or a joint venture in which the service entity or its wholly owned subsidiary participates.
   (vi) Acquiring real estate for development or subdivision, for construction of improvements, for resale or leasing to others for construction, or for use as manufactured home sites.
   (vii) Acquiring improved real estate or manufactured homes to be held for rental or resale, or for remodeling, renovating, or demolishing and rebuilding for sale or rental.
   (viii) Acquiring, maintaining, and managing real estate, improved or unimproved, to be used for offices and related facilities of a savings bank, subsidiary, or service entity, or of a person that owns an interest in the savings bank, subsidiary, or service entity, or for offices and related facilities and for rental or sale, if the acquisition, maintenance, and management is performed under a prudent program of property acquisition to meet either the present needs or reasonable future needs for office and related facilities of the savings bank, subsidiary, or service entity, or of the person that owns an interest in the savings bank, subsidiary, or service entity. 
(c) Securities brokerage and investment advisory services that include execution of securities transactions on an agency or riskless principal basis, and the provision of standardized and individualized investment advice to individuals or entities.
(d) Other investments that include any of the following:
(i) Investing in adjustable rate preferred stock and money market preferred stock.

(ii) Investing in an entity that provides insurance in connection with loans, and investing in an entity which reinsures a provider of the insurance.

(iii) Making voting and nonvoting investments in corporations and in partnerships, whether as a general or limited partner, limited liability companies, and limited liability partnerships provided such other corporation or partnership or limited liability company engages only in activities permissible for a savings bank or a service entity.

(e) Other services that include any of the following:

(i) Preparing state and federal tax returns for individuals or organizations that are not corporations operated for profit.

(ii) Acting as an insurance broker or agent.

(iii) Providing data processing services.

(f) Offering credit card programs, debit card programs, and similar arrangements.

(g) Offering mutual fund investment products.

(5) A savings bank may also invest in service entities that engage directly or through a wholly owned subsidiary in activities determined by order or declaratory ruling of the commissioner to be incidental to the conduct of the business of a financial services provider, activities that further or facilitate the purposes of a financial services provider, or which provide services to a financial services provider. The commissioner shall consider the ability of service entities to exercise any additional power in a safe and sound manner. The commissioner shall also consider the ability of service entities to compete with, or offer the same or similar services as offered by, service corporations or service organizations of other providers of financial services. The commissioner shall give notice to all savings banks of rules promulgated, or declaratory rulings or determinations, or orders issued pursuant to this subsection.