

**SAVINGS BANK ACT (EXCERPT)**  
**Act 354 of 1996**

**487.3204 Savings bank; asset tests; loans for domestic residential housing; failure to satisfy asset tests.**

Sec. 204.

(1) A savings bank shall satisfy 1 of the following asset tests:

(a) An asset test requiring that not less than 50% of the total assets of the savings bank, as measured by monthly averages calculated at the close of each calendar month, in at least 9 months of the immediately preceding 12-month period, consist of 1 or more of the following:

(i) Loans that were made to purchase, refinance, construct, improve, or repair domestic residential housing, including single and multifamily dwellings, or manufactured housing.

(ii) Home equity loans.

(iii) Real property acquired as a result of foreclosure or deed-in-lieu of foreclosure with respect to loans described in this section.

(iv) Securities backed by or representing an interest in mortgages on domestic residential housing, including single or multifamily dwellings, or manufactured housing.

(v) Shares of stock issued by any federal home loan bank.

(vi) 50% of the dollar amount of the domestic residential housing mortgage loans, including single or multifamily dwellings, originated by the savings bank and sold within 90 days of origination.

(vii) Investments both debt and equity in the capital stock or obligations of and any other security issued by any service entity or subsidiary of the savings bank, if the service entity or subsidiary derives at least 80% of its annual gross revenues from activities directly related to purchasing, financing, refinancing, constructing, improving, or repairing domestic residential housing, including single or multifamily dwellings, or manufactured housing.

(viii) 200% of the dollar amount of loans and investments to purchase, construct, or develop 1 to 4 family residences the purchase price of which is, or is guaranteed to be, not greater than 60% of the median value of comparable newly-constructed 1 to 4 family residences within the savings bank's local community.

(ix) 200% of the dollar amount of loans for the purchase, construction, development, or improvement of domestic residential housing, churches or other places of worship, schools, nursing homes, hospitals, and facilities serving similar functions within a community, located within a geographic region or neighborhood in which the credit needs of low and moderate income residents are not being adequately met at the time the relevant loan is made.

(x) Loans to small businesses located within a geographic area described in subparagraph (ix).

(xi) Loans for the purchase, construction, development, or improvement of churches or other places of worship, schools, nursing homes, hospitals, and other facilities utilized for similar functions or services within a community.

(xii) Loans for the purchase, construction, development, or improvement of facilities and residential developments dedicated to public use or property used on a nonprofit basis for residents.

(xiii) Loans for personal, family, household, or education purposes.

(xiv) Shares of stock issued by the federal home loan mortgage corporation and the federal national mortgage association.

(xv) Loans secured by an interest in churches or other places of worship, schools, nursing homes, hospitals, educational, health, or welfare institutions or facilities, facilities designed or used primarily for residential purposes for students, residents, and persons under care, employees, or members of the staff of the institutions or facilities, and other facilities utilized for similar functions or services within a community.

(xvi) Cash and other highly liquid assets.

(xvii) Obligations of the United States or of a state or political subdivision thereof, and stock or obligations of a corporation that is an instrumentality of the United States or of a state or political subdivision thereof, but not including obligations the interest on which is excludable from gross income under section 415 of the internal revenue code of 1986, 26 U.S.C. 415.

(xviii) Property acquired through the liquidation of defaulted loans described in this section.

(xix) Loans made for the payment of expenses of college or university education or vocational training, in accordance with order or declaratory ruling of the commissioner.

(xx) Property used by the savings bank in the conduct of its business of acquiring the savings of the public and investing in loans.

(b) An asset test prescribed by order or declaratory ruling of the commissioner.

(2) If a multifamily dwelling securing a loan is used in part for nonresidential purposes, the entire loan is deemed a loan for domestic residential housing if the planned residential use exceeds 80% of the property's planned use, determined as of the time the loan is made. Loans made to finance the acquisition or development of land shall be considered loans for domestic residential housing if there is reasonable assurance that the property will become

residential real property within a period of 3 years from the date of acquisition of the land.

(3) In the event a savings bank does not satisfy either of the asset tests of subsection (1), the savings bank shall promptly notify the commissioner in writing of the failure.

(4) A savings bank which fails to satisfy either of the asset tests of subsection (1) may requalify as a savings bank by meeting the percentage of total assets test in subsection (1)(a) for 9 of the 12 months following notice to the commissioner, including the month the notice is given, or a savings bank may requalify as a savings bank by meeting a requalification test prescribed by order or declaratory ruling of the commissioner. The savings bank shall promptly give notice to the commissioner as soon as the savings bank requalifies or fails to requalify as a savings bank under this subsection.

(5) If the savings bank fails to requalify as a savings bank under subsection (4), the savings bank shall make application with the appropriate governmental agency to convert its charter, or liquidate, but may continue to operate as a savings bank under an order of the commissioner for the period of time stated in the order. If the savings bank fails to comply with the order for continued operation, or upon expiration of the time prescribed in the order without conversion of charter or liquidation, the commissioner may appoint a conservator under section 605 or apply to the circuit court for the county in which the savings bank is located for the appointment of a receiver for the savings bank. The activities of the conservator or receiver shall otherwise be governed by the terms of chapter 6.

**History:** 1996, Act 354, Imd. Eff. July 1, 1996