

SAVINGS BANK ACT (EXCERPT)
Act 354 of 1996

487.3423 Separation of trust department business from commercial bank business; commingled and consolidated funds; limitation; lien on securities in event of savings bank failure.

Sec. 423.

(1) A savings bank exercising a trust power under sections 421 to 427 shall segregate all assets held in a fiduciary capacity from the general assets of the bank, keep a separate set of books and records showing in proper detail all transactions engaged under sections 421 to 427, and at all times keep the savings bank's trust department business separate and distinct from the savings bank's commercial banking business.

(2) Funds, at any time and from time to time, held in trust by the savings bank, awaiting investment or other disposition, may be commingled and consolidated, and may be deposited in other financial institutions not affiliated with the savings bank as designated by the board of directors or may be held at any time and from time to time by the savings bank under a deposit relationship and used by the savings bank in the conduct of the savings bank's individual corporate business but only to the extent and when the savings bank shall set aside for the protection of the owners of the funds obligations of the United States, obligations that are guaranteed fully as to principal and interest by the United States, general obligations of this state or of any political subdivision of this state, or other securities approved by the commissioner equal at face value to the amount of the funds held, less the amounts of the funds which are insured by the federal deposit insurance corporation. If the savings bank fails, the owners of the funds held in trust, awaiting investment or other disposition, shall have a lien on the securities set apart in addition to any other claims against the savings bank.

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