

BANKING CODE OF 1999 (EXCERPT)
Act 276 of 1999

487.14302 Purchase of investment securities.

Sec. 4302.

(1) A bank may purchase investment securities for its own account when in its prudent banking judgment, which may be based in part upon estimates that it believes to be reliable, it determines that there is adequate evidence that the obligor will be able to perform all it undertakes to perform in connection with the securities, including all debt service requirements, and that the securities may be sold with reasonable promptness at a price that corresponds to their fair value.

(2) A bank shall not purchase investment securities in which the investment characteristics are considered distinctly or predominantly speculative, or purchase investment securities that are in default, whether as to principal or interest.

History: 1999, Act 276, Eff. Mar. 1, 2000