

SAVINGS AND LOAN ACT OF 1980 (EXCERPT)
Act 307 of 1980

491.516 Capital notes, bonds, or debentures; issuance and sale; requirements; unsecured indebtedness; subordination to claims of depositors or general creditors; status in liquidation; statement of rights and priorities of lenders; inclusion in net worth.

Sec. 516. An association may issue and sell its capital notes, bonds, or debentures with the prior approval of the supervisor and subject to any sinking fund or other conditions the supervisor may impose. In addition, a stock association shall obtain the prior approval of members owning more than 50% of the issued and outstanding shares of voting stock of the association to issue convertible capital notes, bonds, or debentures. Capital notes, bonds, and debentures shall be an unsecured indebtedness of the association and shall be subordinate to the claims of depositors and other general creditors of the association, regardless of whether the claims of depositors or general creditors arose before or after the issuance of capital notes, bonds, or debentures. In the event of liquidation, all depositors and other general creditors of the association shall be paid in full before a payment is made on the principal or interest on capital notes, bonds, or debentures. Capital notes, bonds, and debentures shall contain a statement of the rights and priorities of the lenders. The amount of outstanding capital notes, bonds, or debentures legally issued by an association shall be included in the net worth of the association for purposes of this act.

History: 1980, Act 307, Eff. Jan. 1, 1981.