

# SENATE BILL No. 137

February 27, 1991, Introduced by Senators CRUCE, WARTNER  
and DE GROW and referred to the Committee on Commerce.

A bill to amend sections 30, 151, 152, 197, 231, and 235 of  
Act No. 319 of the Public Acts of 1969, entitled as amended  
"Banking code of 1969,"  
section 30 as amended by Act No. 200 of the Public Acts of 1988,  
sections 151 and 152 as amended by Act No. 311 of the Public Acts  
of 1988, and sections 197 and 231 as amended by Act No. 177 of  
the Public Acts of 1985, being sections 487.330, 487.451,  
487.452, 487.497, 487.531, and 487.535 of the Michigan Compiled  
Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 30, 151, 152, 197, 231, and 235 of Act  
2 No. 319 of the Public Acts of 1969, section 30 as amended by Act  
3 No. 200 of the Public Acts of 1988, sections 151 and 152 as  
4 amended by Act No. 311 of the Public Acts of 1988, and  
5 sections 197 and 231 as amended by Act No. 177 of the Public Acts

1 of 1985, being sections 487.330, 487.451, 487.452, 487.497,  
2 487.531, and 487.535 of the Michigan Compiled Laws, are amended  
3 to read as follows:

4       Sec. 30. (1) Except with respect to rules promulgated under  
5 section 19, ~~a cease and desist~~ AN order made under sections 35  
6 to 46, and an order made on an application seeking approval of  
7 the commissioner under section 53, 54, 121, 125, 130b, 141, 142,  
8 144, ~~151(30)~~ 151(31), 151h(3), 157, 171, 172, or 173, an insti-  
9 tution or an interested party who is dissatisfied with an order,  
10 ruling, or finding issued by the commissioner may request a  
11 reconsideration of the order, ruling, or finding within 10 days  
12 after the issuance of the order, ruling, or finding. Within 30  
13 days after the receipt of a written request for reconsideration,  
14 the commissioner shall ~~set the matter down for~~ SCHEDULE a  
15 formal hearing unless a formal hearing has been held before the  
16 issuance of the order, ruling, or finding. The commissioner may  
17 conduct a formal hearing before the issuance of an order, ruling,  
18 or finding.

19       (2) A hearing held under subsection (1) shall be conducted  
20 pursuant to the administrative procedures act of 1969, Act  
21 No. 306 of the Public Acts of 1969, as amended, being sections  
22 24.201 to 24.328 of the Michigan Compiled Laws.

23       (3) The commissioner shall require an entity making an  
24 application under section 53, 54, 121, 125, 130b, 141, 142, 144,  
25 ~~151(30)~~ 151(31), 151h(3), 157, 171, 172, or 173 to give notice  
26 of the application by publication. The applicant, within 10 days  
27 after the filing of an application, shall ~~cause~~ PUBLISH A

1 notice ~~to be published~~ in a newspaper or newspapers of general  
2 circulation in the community or communities in which the bank,  
3 branch, state agency, or additional office of a state agency ~~—~~  
4 is to be located and, if required by rule of the commissioner, in  
5 which the bank, banks, bank holding company, or state agency  
6 involved in the subject application ~~—are—~~ IS located.

7 Publication shall be 1 time per week for 2 consecutive weeks in  
8 the form prescribed by the commissioner. Proof of publication  
9 shall be filed with the commissioner within 10 days after the  
10 date of the second publication of notice.

11 (4) An institution or other interested party who desires to  
12 protest the application shall file a written notice of protest  
13 with the commissioner and with the applicant within 10 days after  
14 the date of the second publication of notice. Within 30 days  
15 after the date of the second publication of notice, an institu-  
16 tion or other interested party who has filed a written notice of  
17 protest shall file with the commissioner and with the applicant  
18 ~~—~~ a written statement setting forth all of the following:

19 (a) A list of specific items in the application ~~—which—~~ THAT  
20 are the basis for the protest and an explanation of the reasons  
21 for the protest.

22 (b) A statement of the facts supporting the reasons for the  
23 protest, including economic and financial data.

24 (c) A request for oral argument if ORAL ARGUMENT IS  
25 desired.

26 (5) The applicant ~~—~~ within 40 days after the date of the  
27 second publication of notice ~~—~~ may file with the commissioner

1 and with the parties ~~which~~ THAT have filed written notice of  
2 protest, written material in response to the written statement  
3 and may request oral argument before the commissioner if oral  
4 argument has not been requested by an institution or other inter-  
5 ested party who has filed a written notice of protest.

6 (6) Oral argument may be held in the commissioner's discre-  
7 tion if neither the applicant nor an interested party requests  
8 oral argument.

9 (7) An oral argument ~~if~~ scheduled as provided ~~in~~ BY  
10 this section ~~shall~~ shall be held within 55 days after the date of  
11 the second publication of notice.

12 (8) Only the applicant and those interested parties who have  
13 filed written statements under subsection (4) may participate in  
14 the oral argument. Oral argument may be made by each party or by  
15 ~~an~~ THAT PARTY'S authorized representative. Oral argument shall  
16 be limited to issues raised in the materials submitted in connec-  
17 tion with the application and the protest. ~~One hour shall be~~  
18 ~~permitted to each~~ EACH participant other than the applicant IS  
19 LIMITED TO 1 HOUR for oral argument. The applicant shall have as  
20 much time as all other participants have been permitted. The  
21 commissioner shall cause a stenographic record of the oral argu-  
22 ment to be made ~~with~~ with costs to be allocated equally among the  
23 parties requesting oral argument unless otherwise provided by  
24 rule of the commissioner.

25 (9) The commissioner shall issue an order within 100 days  
26 after the filing of the application. ~~If an application is~~  
27 ~~denied, or if a protested application is approved, the~~ THE

1 commissioner shall provide a detailed written explanation of the  
2 basis of the commissioner's ~~decision~~ ORDER. Appeal of an order  
3 shall not be made ~~by a party~~ without first requesting a recon-  
4 sideration of the order under subsection (10).

5 (10) ~~The~~ WITHIN 5 DAYS AFTER THE DATE AN ORDER IS ISSUED,  
6 THE applicant or an interested party who filed written statements  
7 under subsection (4) and who participated in the oral argument,  
8 if held, who is dissatisfied with ~~an~~ THE order of the commis-  
9 sioner ~~, within 5 days after the issuance of the order,~~ may  
10 file with the commissioner a written request for reconsideration  
11 of the order stating the reasons for the request. The commis-  
12 sioner ~~, within 10 days,~~ shall render a decision on the request  
13 for reconsideration WITHIN 10 DAYS AFTER THE DATE THE REQUEST IS  
14 RECEIVED. If a petition for reconsideration is granted ~~, the~~  
15 commissioner shall ~~grant~~ PROVIDE the applicant and all inter-  
16 ested parties 10 days to file written arguments or briefs. The  
17 commissioner may conduct an oral argument HEARING after granting  
18 a petition for reconsideration. The ORAL argument shall be held  
19 within 10 days after ~~granting~~ THE COMMISSIONER GRANTS the  
20 petition. The commissioner shall issue a final order within 20  
21 days after granting the petition for reconsideration.

22 (11) The commissioner may promulgate rules pursuant to Act  
23 No. 306 of the Public Acts of 1969, as amended, to provide the  
24 application procedure. The rules shall be consistent with this  
25 section.

26 Sec. 151. (a) Subject to the limitations and restrictions  
27 contained in this act or in a bank's articles, ~~the~~ A bank may

1 engage in the business of banking and a business related or  
2 incidental to banking ~~—, and for that purpose,—~~ without ~~specific~~  
3 ~~mention thereof~~ IDENTIFYING in its articles ~~—, a~~ THAT BANK'S  
4 SPECIFIC BUSINESS OR BUSINESS PURPOSE. A bank has the powers  
5 conferred by this act, ~~—and—~~ INCLUDING the following ~~—additional—~~  
6 corporate powers:

7       (1) To have a corporate seal, ~~which may be altered at~~  
8 ~~pleasure~~ TO ALTER THAT CORPORATE SEAL, and to ~~use the corporate~~  
9 ~~seal by causing it, or a facsimile of it, to be impressed,~~  
10 ~~affixed, or reproduced~~ IMPRESS, AFFIX, OR REPRODUCE THAT CORPO-  
11 RATE SEAL OR A FACSIMILE OF THAT CORPORATE SEAL in any manner.

12       (2) To have succession in perpetuity or for a limited period  
13 of time ~~—~~ as fixed by its articles or until its affairs are  
14 finally wound up by liquidation, forfeiture, or dissolution, as  
15 provided in this act.

16       (3) To make contracts.

17       (4) To sue and be sued, complain, and defend in its corpo-  
18 rate name as fully as a natural person.

19       (5) To elect or appoint directors who shall ~~—appoint from~~  
20 ~~their members a president who shall perform duties as may be des-~~  
21 ~~ignated by the board, and who shall serve as the chairperson of~~  
22 ~~the board, unless the board designates another director to be~~  
23 ~~chairperson in lieu of the president. The board shall appoint 1~~  
24 ~~or more vice-presidents, a cashier, and other officers as the~~  
25 ~~board considers necessary, who may or may not be members of the~~  
26 ~~board, shall define their duties, shall dismiss the officers or~~

1 ~~any of them at pleasure, and shall appoint other officers to fill~~  
2 ~~their places.~~ DO ALL OF THE FOLLOWING:

3 (A) APPOINT AS PRESIDENT A DIRECTOR WHO SHALL PERFORM THOSE  
4 DUTIES DESIGNATED BY THAT BOARD OF DIRECTORS.

5 (B) DESIGNATE THE PRESIDENT OR ANOTHER DIRECTOR AS THE  
6 CHAIRPERSON OF THAT BOARD OF DIRECTORS.

7 (C) APPOINT 1 OR MORE VICE PRESIDENTS, A CASHIER, AND OTHER  
8 OFFICERS, WHO MAY OR MAY NOT BE MEMBERS OF THE BOARD OF DIREC-  
9 TORS, AS THE BOARD CONSIDERS NECESSARY.

10 (D) DEFINE THE DUTIES OF OFFICERS APPOINTED PURSUANT TO THIS  
11 ACT.

12 (E) WITHIN THE SOLE DISCRETION OF THE BOARD OF DIRECTORS,  
13 DISMISS AN OFFICER APPOINTED PURSUANT TO THIS ACT AND APPOINT AN  
14 OFFICER TO REPLACE A DISMISSED OFFICER.

15 (6) To make, alter, amend, and repeal bylaws not inconsis-  
16 tent with its articles or with law. ~~for the administration and~~  
17 ~~regulation of the affairs of the bank.~~

18 (7) To have and exercise the powers and means ~~appropriate~~  
19 NECESSARY to effect the purpose for which the bank is  
20 incorporated.

21 (8) To make contributions and donations for the public wel-  
22 fare or for religious, charitable, scientific, or educational  
23 purposes, and, in connection ~~therewith~~ WITH THOSE CONTRIBUTIONS  
24 AND DONATIONS, to establish and operate charitable trusts.

25 (9) To purchase, take, lease as lessee, or otherwise  
26 acquire, and to own, hold, ~~and~~ use, ~~to~~ sell, lease as lessor,  
27 mortgage, pledge, grant a security interest in, convey, or

1 otherwise dispose of real or personal property in connection with  
2 the exercise of a power granted in this act.

3 (10) To act as agent of the United States, or AGENT of an  
4 instrumentality or agency of the United States, for the sale or  
5 issue of bonds, notes, or other obligations of the United States,  
6 or an instrumentality or agency of the United States, and, in  
7 connection ~~therewith~~ WITH THOSE BONDS, NOTES, OR OTHER  
8 OBLIGATIONS, to take other action ~~as, in the opinion of~~ THAT  
9 the board of directors ~~, may be~~ DETERMINES necessary ~~or~~  
10 proper to enable ~~the~~ THAT bank to ~~so~~ act UNDER THIS  
11 SUBDIVISION.

12 (11) To become a member of the federal reserve system, to  
13 hold shares of stock in a federal reserve bank, to take all  
14 actions incident to maintenance of its membership, and to exer-  
15 cise all powers ~~, not inconsistent with the provisions of~~  
16 this act ~~, conferred on member banks by the federal reserve~~  
17 act.

18 (12) To become an insured bank pursuant to the federal  
19 deposit insurance act, and to take actions incident to the main-  
20 tenance of an insured status under that act.

21 (13) TO BECOME A MEMBER OF THE FEDERAL HOME LOAN BANK AS  
22 DEFINED IN SECTION 2 OF THE FEDERAL HOME LOAN BANK ACT, CHAPTER  
23 522, 47 STAT. 725, 12 U.S.C. 1422, AND TO EXERCISE THOSE POWERS  
24 CONFERRED UPON A FEDERAL HOME LOAN BANK MEMBER BY THE FEDERAL  
25 HOME LOAN BANK THAT ARE CONSISTENT WITH THIS ACT.

26 (14) ~~-(13)-~~ To purchase the shares of stock of a small  
27 business investment company doing business in this state and



1 licensed under, or established pursuant to, the ~~federal~~ small  
2 business investment act of 1958, Public Law 85-699, 72 Stat. 689,  
3 and to purchase shares of stock of a business and industrial  
4 development corporation established pursuant to ~~the provisions~~  
5 ~~of~~ the Michigan BIDCO act, Act No. 89 of the Public Acts of  
6 1986, being sections 487.1101 to 487.2001 of the Michigan  
7 Compiled Laws.

8 (15) ~~(14)~~ To sell mortgage loans to the federal national  
9 mortgage association ~~—~~ or a successor of ~~the~~ THAT associa-  
10 tion, and, in connection with ~~the~~ THAT association, to make  
11 payments of capital contributions ~~—~~ required ~~pursuant to~~ BY  
12 law, in the nature of subscriptions for stock of ~~the~~ THAT asso-  
13 ciation or OF a successor of ~~the~~ THAT association, to receive  
14 stock evidencing the capital contributions, and to hold or dis-  
15 pose of the stock.

16 (16) ~~(15)~~ To conduct its business through subsidiaries,  
17 but a bank shall not acquire or hold for its own account shares  
18 of a bank or bank holding company, unless the shares are acquired  
19 as provided in subdivision ~~(18)~~ (19). The commissioner may  
20 promulgate rules as he or she considers necessary to effectuate  
21 this subdivision and prevent evasions of this subdivision. For  
22 the purpose of this subdivision, "subsidiary" means a corporation  
23 ~~of which~~ HAVING at least 80% of ~~the~~ ITS voting stock ~~of the~~  
24 ~~corporation is~~ owned by 1 OR MORE state ~~and~~ OR national banks  
25 located in Michigan.

26 (17) ~~(16)~~ To make application for and to obtain insurance  
27 of loans, but not to operate an insurance underwriting business.

1       (18) ~~-(17)-~~ To give its bond in a proceeding in ~~any~~ A  
2 court in which it is a party or upon an appeal in a proceeding,  
3 and to pledge assets as security for the bond.

4       (19) ~~-(18)-~~ To acquire and hold, ~~irrespective of~~ DESPITE  
5 any restriction or limitation of this act, property, or a secur-  
6 ity interest in property, as protection against loss on an evi-  
7 dence of indebtedness, on an agreement for the payment of money  
8 ~~—~~ or on an investment security previously acquired lawfully and  
9 in good faith, subject to both of the following:

10       (A) ~~-(a)-~~ A determination by a majority vote of its direc-  
11 tors, at least once each year, ~~as to~~ OF the advisability of  
12 retaining the property or security interest so acquired.

13       (B) ~~-(b)-~~ Disposition within a period of 60 months after the  
14 date of acquisition, or WITHIN a longer period ~~as~~ THAT IS  
15 APPROVED BY the commissioner. ~~may approve.~~

16       (20) ~~-(19)-~~ To hold THAT property THE BANK lawfully held on  
17 August 20, 1969, ~~subject to the inclusion of the property in any~~  
18 ~~computation of a limitation on the acquisition for holding of~~  
19 ~~property of a like character~~ IF THAT PROPERTY IS INCLUDED IN A  
20 COMPUTATION OF SIMILAR PROPERTY FOR WHICH A BANK HAS LIMITED  
21 POWER OF ACQUISITION under this act.

22       (21) ~~-(20)-~~ To service loans for others and to receive a fee  
23 for the service.

24       (22) ~~-(21)-~~ To purchase capital stock, bonds, debentures, or  
25 other obligations of a corporation created pursuant to the  
26 authority granted by sections 161 to 165, ~~but~~ subject to the  
27 limitations and conditions of those sections.

1       (23) ~~-(22)-~~ To execute and deliver guarantees ~~as may be~~  
2 THAT ARE incidental TO or usual in carrying on the business of a  
3 bank.

4       (24) ~~-(23)-~~ To purchase, hold, and dispose of stock of the  
5 student loan marketing association established pursuant to ~~the~~  
6 ~~provisions of the education amendments of 1972, Public Law~~  
7 ~~92-318, 86 Stat. 235-~~ SECTION 439 OF PART B OF TITLE IV OF THE  
8 HIGHER EDUCATION ACT OF 1965, PUBLIC LAW 89-329, 20  
9 U.S.C. 1087-2.

10       (25) ~~-(24)-~~ To purchase AN open ~~accounts,~~ ACCOUNT with or  
11 without recourse against the seller of ~~an~~ THAT open account.  
12 ~~, which accounts~~ AN OPEN ACCOUNT need not represent an evidence  
13 of indebtedness, and ~~including~~ A BANK MAY PURCHASE AN open  
14 ~~accounts~~ ACCOUNT in connection with export transactions, ~~when~~  
15 ~~the accounts are~~ IF THAT ACCOUNT IS protected by insurance such  
16 as that provided by the foreign credit insurance association and  
17 the export-import bank.

18       (26) ~~-(25)-~~ To purchase for its own account shares of stock  
19 issued by an agricultural credit corporation or a corporation  
20 organized solely for the purpose of making loans to farmers and  
21 ranchers for agricultural purposes, including the breeding, rais-  
22 ing, fattening or marketing of livestock. ~~However, unless~~ IF a  
23 bank owns at least 80% of the stock of the corporation ~~, the~~  
24 amount invested by the bank ~~at any 1 time~~ in the stock of the  
25 corporation AT ANY 1 TIME shall not exceed 20% of the unimpaired  
26 capital and surplus of the bank.

1       (27) ~~-(26)-~~ To make, arrange, participate in, purchase, or  
2 sell loans or extensions of credit secured by liens or interests  
3 in real estate or leaseholds.

4       (28) ~~-(27)-~~ To purchase and hold for its own account any  
5 class of voting securities of ~~-a-~~ ANY OF THE FOLLOWING, IF THOSE  
6 VOTING SECURITIES DO NOT EXCEED 20% OF THE CAPITAL AND SURPLUS OF  
7 THE PURCHASING OR HOLDING BANK:

8       (A) A bank organized and chartered pursuant to section 54 or  
9 the national bank act, chapter 106, 13 Stat. 99, ~~-and engaged-~~  
10 THAT exclusively ~~-in providing-~~ PROVIDES services to depository  
11 institutions or their officers, directors, and employees. ~~-, or~~  
12 ~~a-~~

13       (B) A bank holding company ~~-which-~~ THAT owns or controls a  
14 bank organized and chartered pursuant to section 54 or the  
15 national bank act, chapter 106, 13 Stat. 99, if ~~-the-~~ BOTH OF THE  
16 FOLLOWING CIRCUMSTANCES EXIST:

17       (i) THE stock of ~~-a-~~ THAT bank holding company is owned  
18 exclusively BY DEPOSITORY INSTITUTIONS AS DEFINED IN SECTION 54,  
19 except to the extent directors' qualifying shares are required by  
20 law. ~~-, by depository institutions, as defined in section 54,~~  
21 ~~and if all-~~

22       (ii) ALL subsidiaries of the company engage exclusively in  
23 serving depository institutions or their officers, directors, and  
24 employees. ~~-The amount of securities of a bank or bank holding~~  
25 ~~company held by an investing bank shall not exceed 20% of the~~  
26 ~~capital and surplus of the investing bank.-~~

1       (29) ~~-(28)-~~ To purchase, hold, and dispose of mortgages,  
2 obligations, or other securities ~~-which-~~ THAT are or ever have  
3 been sold by the federal home loan mortgage corporation pursuant  
4 to sections 305 and 306 of title III of Public Law 91-351, 12  
5 U.S.C. 1454 and 1455.

6       (30) ~~-(29)-~~ To incur liabilities, borrow money, and issue  
7 its notes, bonds, and other obligations.

8       (31) ~~-(30)-~~ To exercise all incidental powers ~~-as shall be-~~  
9 necessary to carry on the business of banking.

10       (B) ~~Except as provided in subsection (b), to implement this~~  
11 ~~subdivision,~~ SUBJECT TO SUBSECTION (C), the commissioner may do  
12 1 or all of the following TO IMPLEMENT SUBSECTION (A)(31):

13       (1) ~~-(A)-~~ Promulgate rules pursuant to the administrative  
14 procedures act of 1969, Act No. 306 of the Public Acts of 1969,  
15 being sections 24.201 to 24.328 of the Michigan Compiled Laws.

16       (2) ~~-(B)-~~ Issue declaratory rulings pursuant to ~~-the admin-~~  
17 ~~istrative procedures act of 1969-~~ ACT NO. 306 OF THE PUBLIC ACTS  
18 OF 1969.

19       (3) ~~-(C)-~~ Issue orders on applications made pursuant to  
20 section 30(3) to (10) by 1 or more banks to exercise powers not  
21 specifically authorized by this act.

22       (4) ~~-(D)-~~ Authorize banks to exercise any other powers nec-  
23 essary to compete with other providers of financial services.  
24 Prior to authorizing additional powers, the commissioner shall  
25 consider the ability of a bank to exercise the additional powers  
26 in a safe and sound manner, the authority of national banks  
27 operating pursuant to federal law or regulation, the powers of

1 other competing providers of financial services in the bank's  
2 service area, and the provisions of this act and any other  
3 statute.

4 (C) ~~—(b) The~~ AT LEAST ON A QUARTERLY BASIS, THE commis-  
5 sioner ~~—, on at least a quarterly basis,~~ shall give notice to  
6 all banks of any rules, orders, or determinations issued pursuant  
7 to this section.

8 Sec. 152. The powers granted in sections 151 and 151a shall  
9 not be construed as limiting or enlarging any grant of authority  
10 made elsewhere by this act except as provided in section ~~151(r)~~  
11 151(19). Except as otherwise provided in this act, ~~or in~~ the  
12 articles, or ~~in~~ the bylaws, ~~such~~ THE powers shall be exer-  
13 cised by the board of directors of the bank.

14 Sec. 197. The following loans and extensions of credit  
15 ~~shall~~ ARE not ~~be~~ subject ~~under sections 196 to 198~~ to a  
16 limitation based upon the capital and surplus OF A BANK UNDER  
17 SECTIONS 196 TO 198:

18 (a) A loan or extension of credit arising from the discount  
19 of commercial or business paper evidencing an obligation to the  
20 person negotiating ~~it~~ THAT COMMERCIAL OR BUSINESS PAPER with  
21 recourse.

22 (b) The purchase of banker's acceptances of another bank of  
23 the kind described in paragraph 7 of section 13 of the federal  
24 reserve act, ~~12 U.S.C. 372~~ CHAPTER 6, 38 STAT. 251.

25 (c) A loan or extension of credit to a financial institution  
26 or to a receiver, conservator, or any other agent or supervising  
27 authority in charge of the business and property of the financial

1 institution, ~~when~~ IF the loan or extension of credit is  
2 approved by the commissioner.

3 (d) A loan or extension of credit to a customer, secured or  
4 covered by guarantees or by commitments or agreements to take  
5 over or to purchase the loan or extension of credit, made by a  
6 federal reserve bank, FEDERAL HOME LOAN BANK, or ~~by~~ the United  
7 States, or BY a department, bureau, board, commission, or estab-  
8 lishment of the United States, including a corporation wholly  
9 owned directly or indirectly by the United States.

10 (e) A loan or extension of credit from 1 business day to the  
11 next to a state bank or national banking association of excess  
12 reserve balances from time to time maintained under section 19 of  
13 the federal reserve act, ~~12 U.S.C. 461 to 466~~ CHAPTER 6, 38  
14 STAT. 251.

15 (f) A loan or extension of credit secured by bonds, notes,  
16 certificates of indebtedness, or treasury bills of the United  
17 States or by other obligations fully guaranteed as to principal  
18 and interest by the United States.

19 (g) A loan or extension of credit secured by a loan agree-  
20 ment between a local public agency or a public housing agency and  
21 an instrumentality of the United States pursuant to federal hous-  
22 ing legislation under which funds will be provided for payment of  
23 the obligation secured by the loan agreement.

24 (h) A loan or extension of credit arising from securities  
25 purchased under an agreement to resell.

26 (i) A loan or extension of credit to the student loan  
27 marketing association.

1 (j) A loan or extension of credit fully secured by a  
2 segregated deposit account in the lending bank.

3 (k) A loan or extension of credit arising from the accep-  
4 tance by a bank of drafts or bills of exchange drawn upon the  
5 bank, or a bank's participation in drafts or bills of exchange  
6 drawn upon and accepted by another bank, in conformity with sec-  
7 tion 195.

8 Sec. 231. (1) Except as otherwise provided in this section,  
9 a bank or bank officer shall not give preference to a depositor  
10 or creditor by pledging the assets of the bank as collateral  
11 security or otherwise.

12 (2) A bank, with the written consent of the commissioner,  
13 may pledge its assets in an amount not in excess of 10% of its  
14 total deposits for the purpose of securing the following:

15 (a) Funds belonging to the United States or belonging to or  
16 being administered by an officer, instrumentality, or agent of  
17 the United States, funds of estates being administered by a fed-  
18 eral court under a federal bankruptcy law, and other funds when A  
19 BANK IS required or permitted to ~~do so~~ PLEDGE ITS ASSETS under  
20 the laws of the United States or UNDER an order of a federal  
21 court.

22 (b) Surplus funds of the state held by the state treasurer.

23 (c) Funds of the Mackinac bridge authority, which is  
24 declared to be a political subdivision of this state — under  
25 Act No. 21 of the Public Acts of the Extra Session of 1950, being  
26 sections 254.301 to 254.304 of the Michigan Compiled Laws.



1 (d) Funds of the international bridge authority, which is  
2 declared to be a political subdivision of this state — under  
3 Act No. 99 of the Public Acts of 1954, as amended, being sections  
4 254.221 to 254.240 of the Michigan Compiled Laws.

5 (e) Funds on deposit under Act No. 205 of the Public Acts of  
6 1941, as amended, being sections 252.51 to 252.64 of the Michigan  
7 Compiled Laws, providing for limited access highways.

8 (f) Funds on deposit to the credit of the Michigan employ-  
9 ment security commission.

10 (g) Funds of the Michigan state housing development author-  
11 ity constituting proceeds of the sale of the authority's notes  
12 and bonds and repayments of those notes and bonds — under the  
13 state housing development authority act of 1966, Act No. 346 of  
14 the Public Acts of 1966, as amended, being sections 125.1401 to  
15 ~~125.1498f~~ 125.1499C of the Michigan Compiled Laws.

16 (3) A bank shall not pledge its assets for the purpose of  
17 securing funds belonging to any other political subdivision of  
18 this state.

19 (4) The requirements, restrictions, and limitations imposed  
20 by this section ~~shall~~ DO not apply to the pledging of an obli-  
21 gation of the United States, direct or fully guaranteed, or both,  
22 for the purpose of securing a deposit of the United States when  
23 the deposit is established coincidentally with the purchase of an  
24 obligation of the United States by or through an institution.

25 (5) A bank may pledge its assets to secure liabilities of  
26 the following types:

1 (a) In the case of member banks, liabilities incurred under  
 2 the federal reserve act. ~~chapter 6, 38 Stat. 251.~~ In the  
 3 case of nonmember banks, liabilities incurred through borrowing  
 4 under the same conditions as are imposed upon members of the fed-  
 5 eral reserve system by the federal reserve act. ~~chapter 6, 38~~  
 6 ~~Stat. 251.~~

7 (B) IN THE CASE OF FEDERAL HOME LOAN BANK MEMBERS, LIABILI-  
 8 TIES INCURRED UNDER THE FEDERAL HOME LOAN BANK ACT, CHAPTER 522,  
 9 47 STAT. 725, 12 U.S.C. 1421 TO 1424, 1426 TO 1428, 1429 TO 1430,  
 10 1430b TO 1436, 1438, 1440, 1441 TO 1441a, 1441b TO 1446, AND 1448  
 11 TO 1449.

12 (C) ~~(b)~~ Liabilities incurred under ~~former~~ section 202  
 13 (A) TO (C) of title II of the FORMER federal farm loan act, ~~12~~  
 14 ~~U.S.C. 1031 to 1033~~ chapter 245, 39 Stat. 360.

15 (D) ~~(e)~~ Liabilities incurred on account of a loan made  
 16 with the express approval of the commissioner under section  
 17 197(c).

18 (E) ~~(d)~~ Liabilities incurred ~~on account of borrowings~~ BY  
 19 BORROWING, from 1 business day to the next, ~~from a bank or~~  
 20 ~~national banking association of~~ THOSE excess reserve balances  
 21 from time to time maintained by ~~the~~ A bank or national banking  
 22 association under ~~section 207, or~~ section 19 of the federal  
 23 reserve act, ~~12 U.S.C. 461 to 466~~ CHAPTER 6, 38 STAT. 251.

24 (F) ~~(e)~~ Liabilities incurred on account of securities sold  
 25 under a repurchase agreement.

26 Sec. 235. Except where required or permitted under the  
 27 federal reserve act OR THE FEDERAL HOME LOAN BANK ACT, CHAPTER

1 522, 47 STAT. 725, 12 U.S.C. 1421 TO 1424, 1426 TO 1428, 1429 TO  
2 1430, 1430b TO 1436, 1438, 1440, 1441 TO 1441a, 1441b TO 1446,  
3 AND 1447 TO 1449, a bank shall not deposit an amount in excess of  
4 10% of its capital and surplus with any other bank or national  
5 banking association, but ~~any bank~~ may deposit an amount not ~~to~~  
6 ~~exceed~~ EXCEEDING 15% of its capital, surplus, and deposits in  
7 any legal ~~depository~~ DEPOSITORY in a reserve city designated by  
8 the commissioner pursuant to ~~the provisions of~~ this act.