



HOUSE BILL No. 5402

March 10 1994 Introduced by Reps McManus Randall Kukuk and Rhead and referred to the Committee on Business and Finance

A bill to amend Act No 307 of the Public Acts of 1980
entitled
"Savings and loan act of 1980
as amended, being sections 491 102 to 491 1202 of the Michigan
Compiled Laws, by adding section 506a

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Act No 307 of the Public Acts of 1980 as
2 amended being sections 491 102 to 491 1202 of the Michigan
3 Compiled Laws, is amended by adding section 506a to read as
4 follows

5 SEC 506A (1) AN ASSOCIATION GRANTED FULL TRUST POWERS MAY
6 CONTRACT BY WRITTEN AGREEMENT WITH ANY OTHER FINANCIAL INSTITU-
7 TION TO CARRY ON TRUST SERVICES IN THE ASSOCIATION'S NAME AND FOR
8 ITS ACCOUNT AT 1 OR MORE OF THE OFFICES OF THE OTHER FINANCIAL
9 INSTITUTIONS

1 (2) AN ASSOCIATION MAY PERMIT BY WRITTEN AGREEMENT ANY OTHER
2 FINANCIAL INSTITUTION HAVING ITS PRINCIPAL OFFICE IN THIS STATE
3 AND EXERCISING FULL TRUST POWERS TO CARRY ON TRUST SERVICES AT 1
4 OR MORE OF THE ASSOCIATION S OFFICES BUT IN THE NAME AND FOR THE
5 ACCOUNT OF THE OTHER FINANCIAL INSTITUTION

6 (3) AN AGREEMENT PROVIDED FOR IN THIS SECTION, INCLUDING ANY
7 LEASE, OR A MODIFICATION OR EXTENSION OF AN AGREEMENT IS NOT
8 EFFECTIVE UNTIL IT IS APPROVED IN WRITING BY THE COMMISSIONER
9 THE COMMISSIONER MAY APPROVE THE AGREEMENT UPON CONSIDERATION OF
10 THE SUFFICIENCY OF THE CAPITAL AND SURPLUS OF THE FINANCIAL
11 INSTITUTIONS THE NEED FOR TRUST SERVICES AND OTHER FACTS OR
12 CIRCUMSTANCES WHICH THE COMMISSIONER CONSIDERS PROPER

13 (4) THIRTY DAYS AFTER A HOST FINANCIAL INSTITUTION MAILES A
14 NOTICE OF SUBSTITUTION AS REQUIRED IN SUBSECTION (5), A TRUST
15 SERVICE PROVIDER SHALL BE SUBSTITUTED FOR THE HOST FINANCIAL
16 INSTITUTION AS FIDUCIARY OR AGENT AND SUCCEED TO THE TITLE OF
17 ASSETS HELD BY A HOST FINANCIAL INSTITUTION IN A FIDUCIARY CAPAC-
18 ITY FOR EACH ACCOUNT IN WHICH THE HOST FINANCIAL INSTITUTION
19 UNDER THE TERMS OF A TRUST SERVICE AGREEMENT APPROVED BY THE COM-
20 MISSIONER WILL NO LONGER SERVE AS FIDUCIARY OR AGENT

21 (5) FOR EACH ACCOUNT IN WHICH A TRUST SERVICE PROVIDER IS
22 SUBSTITUTED FOR A HOST FINANCIAL INSTITUTION UNDER THE TERMS OF A
23 TRUST SERVICE AGREEMENT, A WRITTEN NOTICE OF SUBSTITUTION SHALL
24 BE SENT BY THE HOST FINANCIAL INSTITUTION BY CERTIFIED MAIL THE
25 NOTICE OF SUBSTITUTION SHALL INCLUDE THE DATE THE NOTICE WAS
26 MAILED AND SHALL EXPLAIN THAT THE TRUST SERVICE PROVIDER WILL NOT
27 BE SUBSTITUTED FOR THE HOST FINANCIAL INSTITUTION IF THE

1 RECIPIENT OF THE NOTICE OF SUBSTITUTION SENDS A WRITTEN OBJECTION
2 TO THE HOST FINANCIAL INSTITUTION BY FIRST-CLASS MAIL WITHIN 30
3 DAYS AFTER THE DATE THE NOTICE WAS MAILED THE NOTICE OF SUBSTI-
4 TUTION SHALL BE SENT TO THE FOLLOWING

5 (A) FOR EMPLOYEE BENEFIT PLANS TO THE PLAN SPONSORS

6 (B) FOR INDIVIDUAL RETIREMENT ACCOUNTS AND RETIREMENT
7 ACCOUNTS FOR THE SELF-EMPLOYED, TO THE ACCOUNT OWNERS

8 (C) FOR AGENCY AND ESCROW ACCOUNTS, TO THE PRINCIPALS

9 (D) FOR SECURITIES FOR WHICH A HOST FINANCIAL INSTITUTION
10 SERVES AS TRUSTEE REGISTRAR TRANSFER AGENT, OR PAYING AGENT TO
11 THE ISSUERS

12 (E) FOR REVOCABLE TRUSTS UNDER AGREEMENT, TO THE SETTLORS

13 (F) FOR IRREVOCABLE TRUSTS UNDER AGREEMENT, TO ANY
14 CO-FIDUCIARY TO THE SETTLOR, TO EACH CURRENT INCOME BENEFICIARY
15 WHO IS AN ADULT AND, IF A CURRENT INCOME BENEFICIARY IS A MINOR
16 TO A PARENT OF THE MINOR WITH WHOM THE MINOR RESIDES OR TO THE
17 CONSERVATOR OR GUARDIAN OF THE MINOR THE NOTICE TO THE SETTLOR
18 SHALL NOT GRANT TO THE SETTLOR ANY AUTHORITY OVER THE TRUST OR
19 TRUSTEE THAT THE SETTLOR DOES NOT ALREADY HAVE INCLUDING THE
20 AUTHORITY TO OBJECT TO THE SUBSTITUTION OF A TRUST SERVICE PRO-
21 VIDER FOR A HOST FINANCIAL INSTITUTION FOR PURPOSES OF THIS
22 SUBDIVISION CURRENT INCOME BENEFICIARY MEANS A PERSON CUR-
23 RENTLY ENTITLED TO INCOME OR A PERSON TO WHOM THE TRUSTEE, IN THE
24 TRUSTEE S DISCRETION, MAY PAY PRINCIPAL OR INCOME

25 (G) FOR TESTAMENTARY TRUSTS, TO THE PERSONS NOTIFIED UNDER
26 SUBDIVISION (F) AND TO THE PROBATE COURT THAT APPOINTED THE HOST
27 FINANCIAL INSTITUTION AS TRUSTEE

1 (H) FOR CONSERVATORSHIPS TO ANY CO-FIDUCIARY TO THE
2 PROTECTED PERSON FOR WHOM THE CONSERVATORSHIP WAS CREATED, OR, IF
3 THE CONSERVATORSHIP WAS CREATED FOR A MINOR, TO A PARENT OF THE
4 MINOR WITH WHOM THE MINOR RESIDES OR TO THE GUARDIAN OF THE
5 MINOR, AND TO THE PROBATE COURT THAT APPOINTED THE HOST FINANCIAL
6 INSTITUTION AS CONSERVATOR

7 (I) FOR GUARDIANSHIPS, TO ANY CO-FIDUCIARY, TO THE MINOR OR
8 LEGALLY INCAPACITATED PERSON FOR WHOM THE GUARDIAN WAS APPOINTED
9 IF THE WARD IS AT LEAST 14 YEARS OF AGE, AND TO THE PROBATE COURT
10 THAT APPOINTED THE HOST FINANCIAL INSTITUTION AS GUARDIAN

11 (J) FOR PROBATE ESTATES, TO ANY CO-FIDUCIARY, TO ANY INTER-
12 ESTED PARTY AS DEFINED BY SECTION 7 OF THE REVISED PROBATE CODE,
13 ACT NO 642 OF THE PUBLIC ACTS OF 1978, BEING SECTION 700 7 OF
14 THE MICHIGAN COMPILED LAWS, AND TO THE PROBATE COURT THAT
15 APPOINTED THE HOST FINANCIAL INSTITUTION AS PERSONAL
16 REPRESENTATIVE

17 (6) AS USED IN THIS SECTION

18 (A) "FINANCIAL INSTITUTION" MEANS A STATE OR NATIONAL
19 CHARTERED BANK, A STATE OR FEDERAL CHARTERED SAVINGS AND LOAN
20 ASSOCIATION, A STATE OR FEDERAL CHARTERED SAVINGS BANK, OR A
21 STATE OR FEDERAL CHARTERED CREDIT UNION

22 (B) 'HOST FINANCIAL INSTITUTION' MEANS A FINANCIAL INSTITU-
23 TION FOR WHICH TRUST SERVICES ARE PROVIDED BY ANY OTHER FINANCIAL
24 INSTITUTION

25 (C) 'TRUST SERVICE PROVIDER' MEANS A FINANCIAL INSTITUTION
26 PROVIDING TRUST SERVICES TO ANY OTHER FINANCIAL INSTITUTION