



HOUSE BILL No. 6022

September 10, 1996, Introduced by Reps. Randall and Middaugh and referred to the Committee on Commerce.

A bill to amend section 401 of Act No. 354 of the Public Acts of 1996, entitled "Savings bank act," being section 487.3401 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 401 of Act No. 354 of the Public Acts of
2 1996, being section 487.3401 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 401. (1) Except as otherwise provided by this act, a
5 savings bank may engage in the business of banking and exercise
6 all powers incidental to the business of banking or which further
7 or facilitate the purposes of a savings bank. A savings bank has
8 all the powers conferred by this act and granted by rule, order,
9 or declaratory ruling of the commissioner, including, but not
10 limited to, all of the following powers:

1 (a) To have a corporate seal, that may be altered, and to
2 use the seal, or a facsimile of it, by having it impressed,
3 affixed, or reproduced in any manner.

4 (b) To have succession in perpetuity or for a limited period
5 of time, as fixed by its articles or until its affairs are
6 finally wound up by liquidation, forfeiture, or dissolution as
7 provided by this act.

8 (c) To make contracts.

9 (d) To sue and be sued, complain, and defend in its corpo-
10 rate name as fully as a natural person.

11 (e) To elect or appoint directors who shall appoint from
12 their members a president who shall perform duties as may be des-
13 ignated by the board, and who shall serve as the chairperson of
14 the board, unless the board designates another director to be
15 chairperson in lieu of the president. The board may appoint
16 officers as the board considers necessary, who need not be mem-
17 bers of the board, define their duties, dismiss at pleasure, and
18 appoint other officers to fill vacancies.

19 (f) To make, alter, amend, and repeal bylaws not inconsis-
20 tent with its articles or with law for the administration and
21 regulation of the affairs of the savings bank.

22 (g) To have and exercise the powers and means appropriate to
23 effect the purpose for which the savings bank is incorporated.

24 (h) To make investments permitted by this act and those
25 investments permitted by order or declaratory ruling of the
26 commissioner.

1 (i) To make contributions and donations for the public
2 welfare or for religious, charitable, scientific, or educational
3 purposes, and, in connection with the contributions and dona-
4 tions, establish and operate charitable trusts.

5 (j) To purchase, take, lease as lessee, or otherwise acquire
6 and to own, hold, and use, to sell, lease as lessor, pledge,
7 grant a security interest in, convey, or otherwise dispose of
8 personal property in connection with the exercise of a power
9 granted by this act.

10 (k) To act as agent of the United States or of an instrumen-
11 tality or agency of the United States, or of a state, for the
12 sale or issue of bonds, notes, or other obligations of the United
13 States, or of a state and to act as a fiscal agent of the United
14 States, a state, or as a treasury tax and loan depository and
15 perform all reasonable duties in those capacities as may be pre-
16 scribed or required by regulation of the secretary of the trea-
17 sury of the United States, or of the treasurer of a state, and to
18 take other action as may be necessary or proper to enable the
19 savings bank to act under this subdivision.

20 (l) To become a member of the federal reserve system, to
21 hold shares of stock in a federal reserve bank, to take all
22 actions incident to its membership, and to exercise all powers,
23 not inconsistent with the provisions of this act, conferred on
24 member banks by the federal reserve act.

25 (m) To become an insured bank under the federal deposit
26 insurance act, and to take actions incident to an insured status
27 under that act.

1 (n) To become a member and buy and hold stock of the federal
2 home loan bank as defined in section 2 of the federal home loan
3 bank act, chapter 522, 47 Stat. 725, 12 U.S.C. 1422, and to exer-
4 cise those powers conferred upon a federal home loan bank member
5 by the federal home loan bank that are consistent with this act.

6 (o) To sell mortgage loans to the federal national mortgage
7 association, the federal home loan mortgage corporation, and the
8 government national mortgage association, or successors of the
9 associations, or any other secondary market loan purchaser and,
10 in connection with these associations, to make payments of capi-
11 tal contributions, required by law, in the nature of subscrip-
12 tions for stock of an association or successor of the associa-
13 tion, to receive stock evidencing the capital contributions, and
14 to hold or dispose of the stock.

15 (p) To conduct its business through subsidiaries, at the
16 same location or a location different from the savings bank. A
17 subsidiary may engage in all activities and make all investments
18 permitted for a savings bank by this act or by rule, order, or
19 declaratory ruling of the commissioner, except that a subsidiary
20 may not accept deposits or engage in trust activities unless spe-
21 cifically authorized by the commissioner or by another statute of
22 this state. In addition, a subsidiary may engage in activities
23 specifically permitted for subsidiaries by order or declaratory
24 ruling of the commissioner. Except upon written approval of the
25 commissioner, a savings bank shall not be a general partner in a
26 subsidiary.

1 (q) To engage in any aspect of the insurance and surety
2 business as an agent, broker, solicitor, or insurance counselor
3 as provided under the insurance code of 1956, Act No. 218 of the
4 Public Acts of 1956, being sections 500.100 to 500.8302 of the
5 Michigan Compiled Laws, and to own an insurance agency in whole
6 or in part as provided under Act No. 218 of the Public Acts of
7 1956.

8 (r) To give its bond in a proceeding in any court in which
9 it is a party or upon an appeal in a proceeding, and to pledge
10 assets as security for the bond.

11 (s) Notwithstanding any provision of this act, to acquire
12 and hold property, or a security interest in property, as protec-
13 tion against loss on an evidence of indebtedness, on an agreement
14 for the payment of money, or on an investment security previously
15 acquired lawfully and in good faith, subject to disposition of
16 property within a period of 60 months after the date of acquisi-
17 tion, or a longer period as the commissioner may approve.

18 (t) To service loans for others and to receive a fee for the
19 service.

20 (u) To execute and deliver guarantees as may be incidental
21 or usual in carrying on the business of banking.

22 (v) To make, sell, purchase, arrange, participate in, invest
23 in, or otherwise deal in loans or extensions of credit for con-
24 sumer purposes, which are unsecured or secured by liens or inter-
25 ests in personal property or real estate.

26 (w) To make, sell, purchase, arrange, participate in, invest
27 in, or otherwise deal in loans or extensions of credit for

1 agricultural, business, corporate, or commercial purposes, which
2 are unsecured or secured by liens or interests in personal prop-
3 erty or real estate.

4 (x) To borrow money from any source, assign or pledge any of
5 its assets or properties as collateral security subject to limi-
6 tations stated in section 508, and issue its notes, bonds, and
7 other obligations.

8 (y) To make deposits in a bank organized solely for the pur-
9 pose of providing banking services to financial institutions.

10 (z) To own and operate a messenger service or to own or
11 invest in an entity that operates a messenger service.

12 (aa) To conduct business using electronic information pro-
13 cessing, including the electronic processing and execution of
14 transactions between a savings bank and its customers and a sav-
15 ings bank and other depository institutions.

16 (bb) To establish and operate a loan production office or
17 loan production offices within this state and outside this state
18 as permitted by section 418.

19 (cc) To contract with a person or entity to act as an agent
20 in an agency office, as permitted by section 417(6).

21 (dd) To enter into principal and agent relationships with
22 affiliated depository institutions. A savings bank or an affili-
23 ated depository institution in its capacity as an agent under
24 this subsection may do all of the following:

25 (i) Receive deposits.

26 (ii) Permit withdrawals of deposits.

1 (iii) Renew time deposits.

2 (iv) Close loans.

3 (v) Service loans.

4 (vi) Receive loan payments.

5 (vii) Engage in any activity specifically authorized by this
6 act or by order or declaratory ruling of the commissioner.

7 (ee) To sell money orders, travel checks, cashier's checks,
8 and similar instruments drawn by it on its accounts or as agent
9 for any organization empowered to sell the instruments through
10 agents within this state.

11 (ff) To guarantee the signatures of customers and others.

12 (gg) To operate a safe and collateral deposit company or
13 department under section 428.

14 (hh) To engage directly in the real estate brokerage busi-
15 ness as provided under article 25 of the occupational code, Act
16 No. 299 of the Public Acts of 1980, being sections 339.2501 to
17 339.2518 of the Michigan Compiled Laws, and section 409. ~~A sav-~~
18 ~~ings bank shall not engage in the real estate brokerage business~~
19 ~~before April 1, 1997.~~

20 (ii) To own in whole or in part a real estate brokerage
21 business as provided under Act No. 299 of the Public Acts of 1980
22 and section 409. ~~This subdivision shall not be construed to~~
23 ~~allow a savings bank to engage in the real estate brokerage busi-~~
24 ~~ness before April 1, 1996.~~

25 (jj) To issue securities in the form of bonds, notes, deben-
26 tures, and other evidence of indebtedness.

1 (2) The commissioner may promulgate rules under section 208,
2 or issue declaratory rulings, or issue orders, permitting savings
3 banks to exercise powers not authorized by this act. It is
4 intended that this subsection shall vest in the commissioner the
5 discretion and authority to authorize savings banks to exercise
6 all powers appropriate and necessary to compete with other depos-
7 itory financial institutions and other providers of financial
8 services. In the exercise of the discretion permitted by this
9 subsection, the commissioner shall consider the ability of sav-
10 ings banks to exercise any additional power in a safe and sound
11 manner, the authority of state and national banks, associations,
12 and state and federal credit unions, operating under state or
13 federal law or regulation, the powers of other competing entities
14 providing financial services in this state, and any specific lim-
15 itations on powers contained in this act or in any other state
16 law. On at least a quarterly basis, the commissioner shall give
17 notice to all savings banks of rules promulgated, or declaratory
18 rulings or determinations, or orders, issued under this
19 subsection.