



# SENATE BILL No. 518

May 11, 1995, Introduced by Senators BOUCHARD, BERRYMAN, ROGERS, BENNETT, SCHUETTE and SHUGARS and referred to the Committee on Financial Services.

A bill to amend sections 5, 15, 23, 25, 29, 30, 35, 45, 51, 54, 75, 121, 125, 126, 128, 129, 130, 130b, 141, 142, 143, 144, 145, 146, 151, 151h, 161, 169, 171, 174, 181, 181a, 195, 197, and 292 of Act No. 319 of the Public Acts of 1969, entitled as amended

"Banking code of 1969,"

sections 5, 171, and 174 as amended by Act No. 90 of the Public Acts of 1993, sections 23, 25, 121, 125, 169, and 181a as amended by Act No. 104 of the Public Acts of 1987, sections 30 and 197 as amended by Act No. 12 of the Public Acts of 1991, sections 51, 181, and 292 as amended and sections 141, 142, 143, 144, 145, and 146 as added by Act No. 250 of the Public Acts of 1984, sections 54, 130b, and 195 as added by Act No. 177 of the Public Acts of 1985, sections 129, 130, and 151h as amended by Act No. 200 of the Public Acts of 1988, and section 151 as amended by

Act No. 405 of the Public Acts of 1994, being sections 487.305, 487.315, 487.323, 487.325, 487.329, 487.330, 487.335, 487.345, 487.351, 487.354, 487.375, 487.421, 487.425, 487.426, 487.428, 487.429, 487.430, 487.430b, 487.441, 487.442, 487.443, 487.444, 487.445, 487.446, 487.451, 487.451h, 487.461, 487.469, 487.471, 487.474, 487.481, 487.481a, 487.495, 487.497, and 487.592 of the Michigan Compiled Laws; to add sections 122, 124, and 125a; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Section 1. Sections 5, 15, 23, 25, 29, 30, 35, 45, 51, 54,  
2 75, 121, 125, 126, 128, 129, 130, 130b, 141, 142, 143, 144, 145,  
3 146, 151, 151h, 161, 169, 171, 174, 181, 181a, 195, 197, and 292  
4 of Act No. 319 of the Public Acts of 1969, sections 5, 171, and  
5 174 as amended by Act No. 90 of the Public Acts of 1993,  
6 sections 23, 25, 121, 125, 169, and 181a as amended by Act  
7 No. 104 of the Public Acts of 1987, sections 30 and 197 as  
8 amended by Act No. 12 of the Public Acts of 1991, sections 51,  
9 181, and 292 as amended and sections 141, 142, 143, 144, 145, and  
10 146 as added by Act No. 250 of the Public Acts of 1984,  
11 sections 54, 130b, and 195 as added by Act No. 177 of the Public  
12 Acts of 1985, sections 129, 130, and 151h as amended by Act  
13 No. 200 of the Public Acts of 1988, and section 151 as amended by  
14 Act No. 405 of the Public Acts of 1994, being sections 487.305,  
15 487.315, 487.323, 487.325, 487.329, 487.330, 487.335, 487.345,  
16 487.351, 487.354, 487.375, 487.421, 487.425, 487.426, 487.428,  
17 487.429, 487.430, 487.430b, 487.441, 487.442, 487.443, 487.444,  
18 487.445, 487.446, 487.451, 487.451h, 487.461, 487.469, 487.471,

1 487.474, 487.481, 487.481a, 487.495, 487.497, and 487.592 of the  
2 Michigan Compiled Laws, are amended and sections 122, 124, and  
3 125a are added to read as follows:

4 Sec. 5. As used in this act:

5 (a) "Articles" means articles of incorporation, all amend-  
6 ments to articles of incorporation, and agreements of consolida-  
7 tion and merger.

8 (b) "Association" means ~~an association as defined in sec-~~  
9 ~~tion 108 of the savings and loan act of 1980, Act No. 307 of the~~  
10 ~~Public Acts of 1980, being section 491.108 of the Michigan~~  
11 ~~Compiled Laws~~ A FEDERAL SAVINGS ASSOCIATION ORGANIZED UNDER  
12 SECTION 5 OF THE HOME OWNERS' LOAN ACT, CHAPTER 64, 48 STAT. 132,  
13 12 U.S.C. 1464, OR A SAVINGS AND LOAN ASSOCIATION, BUILDING AND  
14 LOAN ASSOCIATION, OR HOMESTEAD ASSOCIATION ORGANIZED UNDER THE  
15 LAWS OF A STATE WHOSE DEPOSITS ARE INSURED BY THE FEDERAL DEPOSIT  
16 INSURANCE CORPORATION.

17 (c) "Affiliate" means ~~any~~ A corporation, business trust,  
18 association, or similar organization to which any of the follow-  
19 ing apply:

20 (i) An ~~institution~~ ORGANIZATION, directly or indirectly,  
21 owns or controls either a majority of its voting shares or more  
22 than 50% of the number of shares voted for the election of its  
23 directors, trustees, or other persons exercising similar func-  
24 tions at the preceding election, or controls in any manner the  
25 election of a majority of its directors, trustees, or other per-  
26 sons exercising similar functions.

1       (ii) Control of the organization is held, directly or  
2 indirectly, through stock ownership or in any other manner, by  
3 the shareholders of an ~~institution~~ ORGANIZATION who own or con-  
4 trol either a majority of the shares of that ~~institution~~  
5 ORGANIZATION or more than 50% of the number of shares voted for  
6 the election of directors of that ~~institution~~ ORGANIZATION at  
7 the preceding election, or by trustees for the benefit of the  
8 shareholders of that ~~institution~~ ORGANIZATION.

9       (iii) A majority of its directors, trustees, or other per-  
10 sons exercising similar functions are directors of any  
11 institution.

12       (iv) Owns or controls, directly or indirectly, either a  
13 majority of the shares of capital stock of an ~~institution~~  
14 ORGANIZATION or more than 50% of the number of shares voted for  
15 the election of directors of an ~~institution~~ ORGANIZATION at the  
16 preceding election, or controls in any manner the election of a  
17 majority of the directors of an ~~institution~~ ORGANIZATION, or  
18 for the benefit of whose shareholders or members all or substan-  
19 tially all the capital stock of an ~~institution~~ ORGANIZATION is  
20 held by trustees.

21       (d) "Bank" means a state banking corporation organized or  
22 reorganized under the provisions of this act or organized under  
23 the provisions of any law of this state enacted before August 20,  
24 1969.

25       (e) "Branch" means, except as otherwise provided in this  
26 subdivision, ~~any~~ A branch bank, branch office, branch agency,  
27 additional office, or ~~any~~ A branch place of business at which

1 deposits are received, checks paid, or money lent. The  
2 acceptance of deposits in furtherance of a school thrift or sav-  
3 ings plan by an officer, employee, or agent of a bank at any  
4 school shall not be construed as the establishment or operation  
5 of a branch. ~~or branch facility if the school is located within~~  
6 ~~the geographical area imposed by section 171 for the operation of~~  
7 ~~a branch or branches by that bank.~~ An electronic funds transfer  
8 facility that is made available to 2 or more federal or state  
9 chartered financial institutions pursuant to a state statute  
10 ~~which~~ THAT regulates electronic funds transfer facilities is  
11 not a branch. An additional office of a state agency is not a  
12 branch. An international banking facility as defined in 12  
13 C.F.R. 204.8(a)(1), as in effect December 31, 1982, is not a  
14 branch. The receipt of deposits by a messenger service or the  
15 delivery by a messenger service of items representing deposit  
16 account withdrawals or of loan proceeds is not the establishment  
17 or operation of a branch, whether or not the messenger service is  
18 owned or operated by the bank. BRANCH DOES NOT INCLUDE AN AGENT  
19 ACTING UNDER SECTION 151(31).

20 (f) "Bureau" means the financial institutions bureau created  
21 by this act.

22 (g) "Capital" or "capital stock" means the amount of unim-  
23 paired common stock issued and outstanding, plus the amount of  
24 unimpaired preferred stock issued and outstanding.

25 (h) "Commissioner" means the commissioner of the financial  
26 institutions bureau.

1 (i) "Consolidate", "consolidated", "consolidating", and  
2 "consolidation" ~~shall mean and~~ include, respectively,  
3 consolidate or merge, consolidated or merged, consolidating or  
4 merging, and consolidation or merger.

5 (J) "CONSOLIDATED BANK" MEANS A BANK THAT RESULTS FROM A  
6 CONSOLIDATION BETWEEN A BANK AND 1 OR MORE BANKS, OUT-OF-STATE  
7 BANKS, NATIONAL BANKS, ASSOCIATIONS, OR SAVINGS BANKS.

8 (K) "CONSOLIDATED ORGANIZATION" MEANS AN OUT-OF-STATE BANK,  
9 NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK ORGANIZED UNDER THE  
10 LAWS OF ANOTHER STATE OR THE UNITED STATES THAT RESULTS FROM A  
11 CONSOLIDATION WITH 1 OR MORE BANKS, OUT-OF-STATE BANKS, NATIONAL  
12 BANKS, ASSOCIATIONS, OR SAVINGS BANKS.

13 (L) "CONSOLIDATING ORGANIZATIONS" MEANS ANY COMBINATION OF  
14 BANKS, OUT-OF-STATE BANKS, NATIONAL BANKS, ASSOCIATIONS, OR SAV-  
15 INGS BANKS THAT HAVE CONSOLIDATED OR ARE IN THE PROCESS OF CON-  
16 SOLIDATION AS PROVIDED IN SECTION 125 OR 125A.

17 (M) "DEPOSITORY INSTITUTION" MEANS A BANK, OUT-OF-STATE  
18 BANK, NATIONAL BANK, ASSOCIATION, SAVINGS BANK, OR CREDIT UNION  
19 ORGANIZED UNDER THE LAWS OF THIS STATE, ANOTHER STATE, OR THE  
20 UNITED STATES.

21 (N) ~~(j)~~ "Federal agency" means a foreign bank agency  
22 established and operating under section 4 of the international  
23 banking act of 1978, 12 U.S.C. 3102.

24 (O) "FEDERAL BRANCH" MEANS A FOREIGN BANK BRANCH ESTABLISHED  
25 AND OPERATING UNDER THE INTERNATIONAL BANKING ACT OF 1978.

26 (P) ~~(k)~~ "Federal reserve act" means the federal reserve  
27 act, chapter 6, 38 Stat. 251.

1 (Q) ~~(A)~~ "Foreign bank" means ~~a legal~~ AN entity organized  
2 AND RECOGNIZED AS A BANK under the laws of a foreign country ~~, a~~  
3 ~~territory of the United States, Puerto Rico, Guam, American~~  
4 ~~Samoa, or the Virgin Islands, which~~ THAT LAWFULLY engages in the  
5 business of banking and is not directly or indirectly owned or  
6 controlled by United States citizens or by a corporation orga-  
7 nized under the laws of the United States. Foreign bank includes  
8 foreign commercial banks, foreign merchant banks, and other for-  
9 eign institutions that engage in banking activities usual in con-  
10 nection with the business of banking in the countries in which  
11 the foreign institutions are organized.

12 (R) ~~(m)~~ "Foreign bank agency" means an office or place of  
13 business of a foreign bank, ~~located in this state,~~ established  
14 under this act, ~~or~~ the international banking act of 1978,  
15 ~~Public Law 95-369, 92 Stat. 607~~ OR THE LAWS OF ANOTHER STATE,  
16 THAT DOES NOT EXERCISE TRUST POWERS AND at which deposits of cit-  
17 izens or residents of the United States ~~shall~~ ARE not ~~be~~  
18 accepted.

19 (S) "FOREIGN BANK BRANCH" MEANS A PLACE OF BUSINESS OF A  
20 FOREIGN BANK, LOCATED IN ANY STATE, TERRITORY, OR PROTECTORATE OF  
21 THE UNITED STATES, THAT IS NOT A FOREIGN BANK AGENCY, BANK, OR  
22 OUT-OF-STATE BANK, AT WHICH DEPOSITS ARE RECEIVED AND THAT IS  
23 ESTABLISHED AND OPERATING AS A BRANCH OF A FOREIGN BANK UNDER  
24 THIS ACT, THE INTERNATIONAL BANKING ACT OF 1978, OR THE LAWS OF  
25 ANOTHER STATE.

1 (T) ~~(n)~~ "Foreign country" means a country other than the  
 2 United States of America and includes a colony, dependency, or  
 3 possession of a country other than the United States of America.

4 (U) ~~(o)~~ "Incorporator" means a signer of the original  
 5 articles of incorporation.

6 (V) ~~(p)~~ "Institution" means ~~any~~ A bank, ~~industrial~~  
 7 ~~bank, trust company,~~ STATE AGENCY, STATE FOREIGN BANK BRANCH, or  
 8 safe and collateral deposit company operating or organized or  
 9 reorganized under the provisions of this act or operating or  
 10 organized under the provisions of any law of this state enacted  
 11 before August 20, 1969.

12 (W) "INTERNATIONAL BANKING ACT OF 1978" MEANS THE INTERNA-  
 13 TIONAL BANKING ACT OF 1978, PUBLIC LAW 95-369, 92 STAT. 607.

14 (X) ~~(q)~~ "Messenger service" means a service such as a cou-  
 15 rier service or an armored car service that picks up from or  
 16 delivers to customers of 1 or more depository institutions or 1  
 17 or more affiliates of a depository institution cash, currency,  
 18 checks, drafts, securities, or other items relating to transac-  
 19 tions between or involving a depository institution or affiliate  
 20 of a depository institution and those customers, or that trans-  
 21 fers cash, currency, checks, drafts, securities, or other items  
 22 or documents between depository institutions or affiliates of  
 23 depository institutions. The service may be owned and operated  
 24 by 1 or more depository institutions or affiliates or by a third  
 25 party. ~~As used in this subdivision, "depository institution"~~  
 26 ~~means a state or national chartered bank, a state or federal~~  
 27 ~~chartered savings and loan association, a state or federal~~



1 ~~chartered savings bank, or a state or federal chartered credit~~  
2 ~~union.~~

3 (Y) ~~(r)~~ "Mobile branch" means a branch in which the loca-  
4 tion of the physical structure of the branch is moved from time  
5 to time.

6 (Z) "NATIONAL BANK" MEANS A BANK CHARTERED BY THE FEDERAL  
7 GOVERNMENT UNDER THE NATIONAL BANK ACT, CHAPTER 106, 13  
8 STAT. 99.

9 (AA) "OUT-OF-STATE BANK" MEANS A BANKING CORPORATION ORGA-  
10 NIZED UNDER THE LAWS OF ANOTHER STATE, A TERRITORY, OR A PROTEC-  
11 TORATE OF THE UNITED STATES WHOSE PRINCIPAL OFFICE IS LOCATED IN  
12 A STATE OTHER THAN THIS STATE, A TERRITORY, OR A PROTECTORATE OF  
13 THE UNITED STATES, AND WHOSE DEPOSITS ARE INSURED BY THE FEDERAL  
14 DEPOSIT INSURANCE CORPORATION.

15 (BB) ~~(s)~~ "Publication" and "published" ~~, wherever it is~~  
16 ~~provided in this act that any notice or statement shall be pub-~~  
17 ~~lished, means~~ MEAN publication in a newspaper printed in the  
18 English language and published and circulated in the county where  
19 the institution is located or if there is no newspaper published  
20 and circulated in the county where the institution is located in  
21 any newspaper having general circulation in the county.

22 (CC) "SAVINGS BANK" MEANS A SAVINGS BANK ORGANIZED UNDER THE  
23 LAWS OF A STATE, TERRITORY, OR PROTECTORATE OF THE UNITED STATES,  
24 OR THE UNITED STATES, WHOSE DEPOSITS ARE INSURED BY THE FEDERAL  
25 DEPOSIT INSURANCE CORPORATION.

26 (DD) ~~(t)~~ "Service corporation" means a corporation  
27 organized under the laws of a state that engages in activities

1 determined by the commissioner by order or rule to be incidental  
 2 to the conduct of a banking business as provided in this act or  
 3 activities that further or facilitate the corporate purposes of a  
 4 bank, or that furnishes services to a bank or subsidiaries of a  
 5 bank and the voting stock of which is owned directly or indi-  
 6 rectly by 1 or more banks, ~~or national banking associations~~  
 7 OUT-OF-STATE BANKS, NATIONAL BANKS, ASSOCIATIONS, OR SAVINGS  
 8 BANKS.

9 (EE) ~~(u)~~ "Shareholder" means the registered owner of any  
 10 share or shares of capital stock of an institution.

11 (FF) ~~(v)~~ "State agency" means a foreign bank agency estab-  
 12 lished and operating under chapter 3A.

13 (GG) "STATE FOREIGN BANK BRANCH" MEANS A FOREIGN BANK BRANCH  
 14 ESTABLISHED AND OPERATING UNDER CHAPTER 3A.

15 Sec. 15. (1) During his OR HER term of office or employ-  
 16 ment, ~~neither~~ the commissioner, ~~nor any~~ A deputy  
 17 commissioner, or AN examiner of the bureau shall NOT be a share-  
 18 holder, either directly or indirectly, of ~~any~~ AN institution  
 19 subject to ~~the provisions of~~ this act, ~~or~~ OF AN OUT-OF-STATE  
 20 BANK, of ~~any~~ A national bank, or of any affiliate or subsidiary  
 21 thereof.

22 (2) During his OR HER term of office or employment,  
 23 ~~neither~~ the commissioner, ~~nor any~~ A deputy commissioner, or  
 24 AN examiner of the bureau shall NOT be an officer, director, or  
 25 employee of ~~any~~ AN institution subject to ~~the provisions of~~  
 26 this act, ~~or~~ OF AN OUT-OF-STATE BANK, of ~~any~~ A national bank,  
 27 or of any affiliate or subsidiary thereof or receive, either

1 directly or indirectly, ~~any~~ A fee, perquisite, reward,  
2 emolument, or other compensation ~~therefrom~~ FROM ANY SUCH  
3 ENTITIES.

4 (3) ~~Neither the~~ THE commissioner, ~~nor any~~ A deputy  
5 commissioner, or examiner shall NOT borrow money, directly or  
6 indirectly, from ~~any~~ AN institution SUBJECT TO THIS ACT, except  
7 for a mortgage loan upon the mortgagor's own home or upon  
8 installment debt transferred to an institution in the regular  
9 course of business by a seller of consumer goods. ~~The above~~  
10 ~~sentence shall~~

11 (4) SUBSECTION (3) DOES not apply to loans made prior to  
12 ~~their~~ THE PERSON'S respective ~~terms~~ TERM of office.

13 (5) If the commissioner, ~~any~~ A deputy commissioner, or AN  
14 examiner of the bureau ~~—~~ borrows from, OR is or becomes  
15 indebted to, ~~any~~ AN institution subject to ~~the provisions of~~  
16 this act, AN OUT-OF-STATE BANK, or ~~any~~ A national ~~banking~~  
17 ~~association~~ BANK, he OR SHE shall make a written report to the  
18 bureau, or to the governor in the case of the commissioner, stat-  
19 ing the date and amount of ~~such~~ THE loan or indebtedness, the  
20 security ~~therefor~~ GIVEN ON THE LOAN, and the purpose for which  
21 the proceeds have been or are to be used.

22 Sec. 23. (1) Each institution together with its subsidi-  
23 aries and service corporations shall be subject to examination of  
24 the commissioner. The commissioner, or the commissioner's autho-  
25 rized agent, shall examine, with or without prior notice, 1 or  
26 more times in each calendar year the condition and affairs of  
27 each institution. One examination shall be known as the annual

1 examination. The commissioner shall examine an institution under  
 2 the commissioner's jurisdiction when requested by its board of  
 3 directors. In connection with an examination, the commissioner,  
 4 or the commissioner's authorized agent, may examine on oath a  
 5 director, officer, agent, employee, or shareholder of an institu-  
 6 tion concerning the affairs and business of the institution. The  
 7 commissioner shall ascertain whether the institution transacts  
 8 its business in the manner prescribed by law and the rules  
 9 promulgated pursuant to law. The commissioner, or the  
 10 commissioner's authorized agent, may make an examination of an  
 11 affiliate, subsidiary, or service corporation necessary to dis-  
 12 close fully the relation between an institution and the affili-  
 13 ate, subsidiary, or service corporation and the effect of the  
 14 relation upon the institution.

15 (2) THE COMMISSIONER MAY EXAMINE THE BRANCH OR BRANCHES  
 16 LOCATED IN THIS STATE OF AN OUT-OF-STATE BANK AS PERMITTED BY THE  
 17 FEDERAL DEPOSIT INSURANCE ACT, CHAPTER 967, 64 STAT. 873.

18 (3) ~~(2)~~ In fulfilling the requirements of ~~subsection (1)~~  
 19 SUBSECTIONS (1) AND (2), the commissioner may use an examination  
 20 made pursuant to the federal reserve act, chapter 6, 38  
 21 Stat. 251, or the federal deposit insurance act, ~~chapter 967, 64~~  
 22 ~~Stat. 873~~ OR THE LAW OF ANOTHER STATE GOVERNING THE ACTIVITIES  
 23 OF BANKS IN THAT STATE. The commissioner may require the insti-  
 24 tution to furnish a copy of any report required by ~~the~~ A fed-  
 25 eral OR STATE BANK REGULATORY agency.

26 (4) ~~(3)~~ An examination required by this section shall  
 27 include the fiduciary activities of the institution.

1 (5) THE COMMISSIONER MAY CONTRACT WITH OTHER STATE BANK  
2 REGULATORY AGENCIES TO ASSIST IN THE CONDUCT OF EXAMINATIONS OF  
3 MICHIGAN BANKS WITH 1 OR MORE BRANCHES LOCATED IN OTHER STATES  
4 AND IN EXAMINATIONS OF OUT-OF-STATE BANKS WITH 1 OR MORE BRANCHES  
5 LOCATED IN THIS STATE.

6 Sec. 25. (1) Each bank shall pay an annual supervisory fee  
7 of not less than ~~7 1/2~~ 4 cents nor more than 25 cents for each  
8 \$1,000.00 ~~of the gross amount~~ of the TOTAL assets of the bank  
9 ~~, which fee shall be determined by the commissioner~~ AS REPORTED  
10 BY THE BANK ON ITS REPORT OF CONDITION FOR THE PREVIOUS YEAR.  
11 THE SUPERVISORY FEE TO BE PAID BY THE BANK SHALL BE DETERMINED BY  
12 THE COMMISSIONER. THE SUPERVISORY FEE FOR A BANK THAT WAS A  
13 NATIONAL BANK OR AN ASSOCIATION ON DECEMBER 31 OF THE PREVIOUS  
14 YEAR SHALL BE BASED UPON ITS TOTAL ASSETS AS REPORTED BY THE  
15 NATIONAL BANK OR ASSOCIATION IN THE REPORT OF CONDITION FOR THE  
16 PREVIOUS YEAR THAT WAS FILED BY THE NATIONAL BANK OR ASSOCIATION  
17 WITH ITS STATE OF CHARTER OR FEDERAL REGULATOR. THE SUPERVISORY  
18 FEE FOR A BANK THAT WAS NOT ENGAGED IN THE BUSINESS OF BANKING ON  
19 DECEMBER 31 OF THE PREVIOUS YEAR SHALL BE THE MINIMUM SUPERVISORY  
20 FEE ESTABLISHED BY THE COMMISSIONER.

21 (2) The supervisory fee for ~~any~~ A bank shall not be less  
22 than \$1,000.00. ~~The commissioner may assess a supplementary fee~~  
23 ~~on a bank, when in the commissioner's judgment the records of the~~  
24 ~~bank are such that they necessitate examination procedures by the~~  
25 ~~examiners over and above normal examination procedures. The sup~~  
26 ~~plementary fee shall be based on the excess time over and above~~  
27 ~~normal examination time, as determined by the commissioner, spent~~

~~1 on examining the bank, but the sum total of the supplementary fee  
2 and the supervisory fee shall not exceed 25 cents for each  
3 \$1,000.00 of the gross amount of the assets of the bank. The fee  
4 shall be computed on the basis of the statement of condition of  
5 each bank as of December 31 of each year and shall be invoiced as  
6 of the succeeding July 1 and payable promptly upon receipt of  
7 invoice.~~

8 (3) THE COMMISSIONER SHALL INVOICE THE SUPERVISORY FEE NO  
9 LATER THAN JULY 1 OF EACH YEAR AND SHALL BE PAID BY THE BANK NO  
10 LATER THAN AUGUST 15 OF THAT YEAR.

11 (4) If a bank has paid a supervisory fee but is not examined  
12 by the commissioner during the calendar year, the bank shall  
13 receive a credit of not less than 30% nor more than 70% of the  
14 supervisory fee against its next succeeding annual supervisory  
15 fee. The percentage of the supervisory fee credit shall be  
16 determined annually by the commissioner and shall be the same for  
17 all banks. ~~If a bank has paid an examination fee but is not  
18 examined by the commissioner during the 1986 calendar year, the  
19 bank shall receive a credit in the amount of the fee against its  
20 supervisory fee for 1987.~~

21 (5) ~~(2)~~ The commissioner shall periodically establish a  
22 schedule of fees to be paid ~~by a bank for the processing by the  
23 bureau of the following:~~

24 ~~(a) The examination of a trust department.~~

25 ~~(b) The examination of a bank at the request of the board of  
26 directors of the bank.~~

1 ~~(c) The examination of subsidiaries, service corporations,~~  
2 ~~and affiliates.~~

3 ~~(d) An application for the organization of a new bank,~~  
4 ~~except that no fee shall be required for processing an applica-~~  
5 ~~tion for the organization of a new bank under section 130(2)(a)~~  
6 ~~that is organized for the sole purpose of effecting its consoli-~~  
7 ~~dation or merger with an existing bank.~~

8 ~~(e) An application for a merger or consolidation.~~

9 ~~(f) An application for a purchase of assets.~~

10 ~~(g) An application for a new branch office.~~

11 ~~(h) An application for a conversion of a stock association~~  
12 ~~or national banking association.~~

13 ~~(i) The evaluation of data processing facilities.~~

14 ~~(j) All other applications and examinations~~ FOR EXAMINA-  
15 TIONS, EVALUATIONS, AND APPLICATIONS considered necessary by the  
16 commissioner.

17 (6) ~~-(3)-~~ The amount of a fee established ~~pursuant to~~  
18 UNDER subsection ~~-(2)-~~ (5) shall be equal to the estimated cost  
19 to the bureau of processing the examination, evaluation, or  
20 application for which the fee is imposed.

21 (7) ~~-(4)-~~ Reasonable fees shall be determined and charged by  
22 ~~the~~ THE commissioner MAY CHARGE REASONABLE FEES for furnishing  
23 and certifying copies of documents filed in the bureau and ~~any~~  
24 ~~publication expenses incurred by the bureau in the publication~~  
25 THE COSTS OF PUBLISHING or serving of notices required by this  
26 act. ~~shall be charged by the commissioner.~~

1 (8) ~~(5)~~ If any fees or expenses provided for in this  
 2 section are not paid ~~after due notice~~ BY A BANK WHEN DUE, the  
 3 commissioner may, AFTER PROPER NOTICE TO THE BANK, maintain an  
 4 action against the ~~delinquent institution~~ BANK for the recovery  
 5 of the fees or expenses ~~with~~ PLUS interest and costs.

6 (9) ~~(6)~~ ~~All~~ THE fees and expenses ~~provided for in~~  
 7 COLLECTED UNDER this section ARE NOT REFUNDABLE AND shall be paid  
 8 into the state treasury to the credit of the ~~financial~~  
 9 ~~institutions~~ bureau and ~~money in this account shall be~~ used  
 10 only for the operation of the ~~financial institutions~~ bureau.  
 11 ~~and shall not be refundable.~~

12 Sec. 29. (1) The commissioner and all deputies, agents, and  
 13 employees of the bureau shall be bound by oath to keep secret all  
 14 facts and information obtained in the course of their duties,  
 15 except ~~insofar as such~~ IF THE person is required ~~to~~ pursuant  
 16 to law ~~to~~ to report upon, ~~or~~ take official action, or testify  
 17 in any proceedings regarding the affairs of ~~any~~ AN  
 18 institution. ~~Notwithstanding the foregoing with respect to mat-~~  
 19 ~~ters as to which official action is required, the~~

20 (2) NOTWITHSTANDING SUBSECTION (1), THE commissioner may  
 21 make ~~such~~ disclosure ~~and~~ to ~~such~~ persons ~~and~~ at such  
 22 times as is in the public interest within the purposes of this  
 23 act.

24 (3) The provisions of this section ~~shall not be~~ ARE NOT  
 25 applicable to, ~~or~~ AND DO NOT prohibit the furnishing of infor-  
 26 mation or documents to, the federal OR OUT-OF-STATE BANK,  
 27 ASSOCIATION, OR SAVINGS bank regulatory agencies, ~~nor~~ AND ARE



1 NOT APPLICABLE to disclosures ~~—~~ made to interested parties by  
 2 the commissioner, at his OR HER discretion, with respect to  
 3 SUPERVISORY ACTIONS, EXAMINATIONS, applications for the charter-  
 4 ing of new banks, applications for new branch offices, or appli-  
 5 cations for the moving of banking offices.

6 Sec. 30. (1) Except with respect to rules promulgated under  
 7 section 19, a cease and desist order made under sections 35 to  
 8 46, and an order made on an application seeking approval of the  
 9 commissioner under section 53, 54, 121, 125, 130b, 141, 142, 144,  
 10 ~~+51(31)~~ 151(32), ~~+51h(3)~~ 151H, 157, OR 171, ~~+72, or +73,~~ an  
 11 institution or an interested party who is dissatisfied with an  
 12 order, ruling, or finding issued by the commissioner may request  
 13 a reconsideration of the order, ruling, or finding within 10 days  
 14 after the issuance of the order, ruling, or finding. Within 30  
 15 days after the receipt of a written request for reconsideration,  
 16 the commissioner shall set the matter down for a formal hearing  
 17 unless a formal hearing has been held before the issuance of the  
 18 order, ruling, or finding. The commissioner may conduct a formal  
 19 hearing before the issuance of an order, ruling, or finding.

20 (2) A hearing held under subsection (1) shall be conducted  
 21 pursuant to the administrative procedures act of 1969, Act  
 22 No. 306 of the Public Acts of 1969, ~~as amended,~~ being sections  
 23 24.201 to 24.328 of the Michigan Compiled Laws.

24 (3) The commissioner shall require an entity making an  
 25 application under section 53, 54, 121, 125, 130b, 141, 142, 144,  
 26 ~~+51(31)~~ 151(32), ~~+51h(3)~~ 151H, 157, OR 171 ~~, +72, or +73~~ to  
 27 give notice of the application by publication. The applicant,

1 within 10 days after the ~~filing~~ ACCEPTANCE of an application,  
2 shall ~~cause notice to be published~~ PUBLISH NOTICE in a newspa-  
3 per or newspapers of general circulation in the community or com-  
4 munities in which the bank, branch, STATE FOREIGN BANK BRANCH,  
5 state agency, or additional office of a STATE FOREIGN BANK BRANCH  
6 OR state agency, is to be located and ~~, if required by rule of~~  
7 ~~the commissioner,~~ in which the bank, banks, bank holding com-  
8 pany, STATE FOREIGN BANK BRANCH, or state agency involved in the  
9 subject application are located. Publication shall BE IN THE  
10 FORM PRESCRIBED BY THE COMMISSIONER AND be 1 time per week for 2  
11 consecutive weeks ~~in the form prescribed by the commissioner~~  
12 WITH AN INTERVAL BETWEEN PUBLICATIONS OF NOT LESS THAN 5 DAYS.  
13 Proof of publication shall be filed with the commissioner within  
14 10 days after the date of the second publication of notice.

15 (4) An ~~institution or other~~ interested party who desires  
16 to protest the application shall file a written notice of protest  
17 with the commissioner and with the applicant within 10 days after  
18 the date of the second publication of notice. Within 30 days  
19 after the date of the second publication of notice, an  
20 ~~institution or other~~ interested party who has filed a written  
21 notice of protest shall file with the commissioner and with the  
22 applicant, a written statement setting forth all of the  
23 following:

24 (a) A list of specific items in the application which are  
25 the basis for the protest and an explanation of the reasons for  
26 the protest.

1 (b) A statement of the facts supporting the reasons for the  
2 protest including economic and financial data.

3 (c) A request for oral argument if desired.

4 (5) ~~The applicant, within~~ WITHIN 40 days after the date of  
5 the second publication of notice, THE APPLICANT may file with the  
6 commissioner and with the parties ~~which~~ THAT have filed written  
7 notice of protest, written material in response to the written  
8 statement and may request oral argument before the commissioner  
9 if oral argument has not been requested by an ~~institution or~~  
10 ~~other~~ interested party who has filed a written notice of  
11 protest.

12 (6) Oral argument may be held ~~in~~ AT the commissioner's  
13 discretion if neither the applicant nor an interested party  
14 requests oral argument.

15 (7) An oral argument, if scheduled as provided in this sec-  
16 tion, shall be held within 55 days after the date of the second  
17 publication of notice.

18 (8) Only the applicant and those interested parties who have  
19 filed written statements under subsection (4) may participate in  
20 the oral argument. Oral argument may be made by each party or by  
21 an authorized representative. Oral argument shall be limited to  
22 issues raised in the materials submitted in connection with the  
23 application and the protest. One hour shall be permitted to each  
24 participant other than the applicant for oral argument. The  
25 applicant shall have as much time as all other participants have  
26 been permitted. The commissioner shall ~~cause~~ HAVE a  
27 stenographic record MADE of the oral argument, ~~to be made,~~ with

1 costs to be allocated equally among the parties requesting oral  
2 argument unless otherwise provided by rule of the commissioner.

3 (9) The commissioner shall issue an order within 100 days  
4 after the filing of the application. If an application is  
5 denied, or if a protested application is approved, the commis-  
6 sioner shall provide a detailed written explanation of the basis  
7 of the commissioner's decision. Appeal of an order shall not be  
8 made by a party without first requesting a reconsideration of the  
9 order under subsection (10).

10 (10) The applicant or an interested party who filed written  
11 statements under subsection (4) and who participated in the oral  
12 argument, if held, who is dissatisfied with an order of the com-  
13 missioner, MAY within 5 days after the issuance of the order ~~7~~  
14 ~~may~~ file with the commissioner a written request for reconsider-  
15 ation of the order stating the reasons for the request. The com-  
16 missioner, within 10 days OF RECEIVING THE REQUEST FOR  
17 RECONSIDERATION, shall render a decision on the request for  
18 reconsideration. If a petition for reconsideration is granted,  
19 the commissioner shall grant the applicant and all interested  
20 parties 10 days to file written arguments or briefs. The commis-  
21 sioner may conduct an oral argument after granting a petition for  
22 reconsideration. The argument shall be held within 10 days after  
23 granting the petition. The commissioner shall issue a final  
24 order within 20 days after granting the petition for  
25 reconsideration.

26 (11) The commissioner may promulgate rules pursuant to ~~the~~  
27 ~~administrative procedures act of 1969,~~ Act No. 306 of the Public

1 Acts of 1969, ~~as amended, being sections 24.201 to 24.328 of the~~  
2 ~~Michigan Compiled Laws,~~ to provide the application procedure.  
3 The rules shall be consistent with this section.

4       Sec. 35. (1) If ~~—~~ in the opinion of the commissioner ~~—~~  
5 any institution is engaging ~~—~~ or has engaged, or the commis-  
6 sioner has reasonable cause to believe that the ~~bank~~  
7 INSTITUTION is about to engage, in an unsafe or unsound practice  
8 in conducting the business of ~~such bank~~ THE INSTITUTION or is  
9 violating ~~—~~ OR has violated, or the commissioner has reasonable  
10 cause to believe that the ~~bank~~ INSTITUTION is about to violate,  
11 a law or rule, the commissioner may issue and serve upon the  
12 institution a notice of charges in respect thereof. The notice  
13 shall contain a statement of the facts constituting the alleged  
14 unsafe or unsound practice or violation, and shall fix a time and  
15 place at which a hearing will be held to determine whether an  
16 order to cease and desist ~~therefrom~~ should issue against the  
17 institution. The hearing shall be not earlier than 30 days nor  
18 later than 60 days after service of the notice unless an earlier  
19 or a later date is set by the commissioner at the request of the  
20 institution. Unless the institution appears at the hearing by a  
21 duly authorized representative, it shall be deemed to have con-  
22 sented to the issuance of the cease and desist order. In the  
23 event of such consent, or if upon the record made at ~~any such~~  
24 THE hearing, the commissioner finds that ~~any~~ AN unsafe or  
25 unsound practice or violation specified in the notice of charges  
26 has been established, the commissioner may issue and serve upon  
27 the institution an order to cease and desist from ~~any such~~ THE

1 practice or violation. ~~By provisions which may be mandatory or~~  
2 ~~otherwise, the~~ THE order may require the institution and its  
3 directors, officers, employees, and agents to cease and desist  
4 from the ~~same~~ PRACTICE OR VIOLATION and to take affirmative  
5 action to correct the conditions resulting from any such practice  
6 or violation.

7 (2) A cease and desist order ~~shall become~~ BECOMES effec-  
8 tive at the expiration of 30 days after the service of the order  
9 upon the institution, except in the case of an order issued upon  
10 consent which shall become effective at the time specified  
11 ~~therein~~ IN THE ORDER, and shall remain effective and enforce-  
12 able as provided ~~therein~~ IN THE ORDER, except to the extent it  
13 is stayed, modified, terminated, or set aside by action of the  
14 commissioner or a reviewing court.

15 (3) WITHIN 10 DAYS AFTER THE INSTITUTION HAS BEEN SERVED  
16 WITH A TEMPORARY CEASE AND DESIST ORDER, THE INSTITUTION MAY  
17 APPLY TO THE CIRCUIT COURT FOR THE COUNTY IN WHICH THE HOME  
18 OFFICE OF THE INSTITUTION IS LOCATED FOR AN INJUNCTION SETTING  
19 ASIDE, LIMITING, OR SUSPENDING THE ENFORCEMENT, OPERATION, OR  
20 EFFECTIVENESS OF THE ORDER PENDING THE COMPLETION OF THE ADMINIS-  
21 TRATIVE PROCEEDINGS UNDER THE NOTICE OF CHARGES SERVED UPON THE  
22 INSTITUTION UNDER SUBSECTION (1).

23 (4) IF THE COMMISSIONER DETERMINES THAT AN OUT-OF-STATE BANK  
24 BRANCH LOCATED IN THIS STATE IS ACTING IN VIOLATION OF THE LAWS  
25 OF THIS STATE OR IS BEING OPERATED IN AN UNSAFE AND UNSOUND  
26 MANNER, THE COMMISSIONER MAY UNDERTAKE ENFORCEMENT ACTIONS AND  
27 PROCEEDINGS AS WOULD BE PERMITTED IF THE BRANCH WERE A BANK.

1        Sec. 45. (1) ~~Any~~ A service required or authorized to be  
 2 made by the commissioner under sections 35 to 46 may be made by  
 3 registered or certified mail, or in ~~such~~ ANY other manner rea-  
 4 sonably calculated to give actual notice as the commissioner by  
 5 rule or otherwise may provide. Copies of ~~any~~ A notice or order  
 6 served by the commissioner upon ~~any~~ AN institution or any  
 7 director or officer ~~thereof~~ OF AN INSTITUTION or other person  
 8 participating in the conduct of ~~its~~ THE INSTITUTION'S affairs,  
 9 pursuant to the provisions of sections 35 to 46, shall also be  
 10 sent to the appropriate federal ~~supervisory authorities~~ AND  
 11 OUT-OF-STATE BANK, ASSOCIATION, AND SAVINGS BANK REGULATORY  
 12 AGENCIES.

13        (2) In connection with the issuance of ~~any~~ A cease and  
 14 desist order under this act, the commissioner ~~must~~ SHALL inform  
 15 the governor of his OR HER intent to issue ~~such an~~ THE order.  
 16 ~~and, failure to do so shall render such an~~ FAILURE TO INFORM  
 17 THE GOVERNOR RENDERS THE order invalid.

18        Sec. 51. (1) ~~Except as otherwise provided in chapter 3A, a~~  
 19 ~~person shall not engage in the business of banking, unless that~~  
 20 ~~person is an incorporated bank having its principal place of~~  
 21 ~~business located in this state and engaged in the business of~~  
 22 ~~banking on August 20, 1969 pursuant to the authority of the~~  
 23 ~~national bank act, chapter 106, 13 Stat. 99, or former Act~~  
 24 ~~No. 341 of the Public Acts of 1937 and a bank having its princi-~~  
 25 ~~pal place of business located in this state and incorporated~~  
 26 ~~under the provisions of this act or of the national bank act,~~  
 27 ~~chapter 106, 13 Stat. 99.~~ A PERSON SHALL NOT ENGAGE IN THE

1 BUSINESS OF BANKING IN THIS STATE UNLESS AUTHORIZED BY THIS ACT,  
2 THE LAWS OF ANOTHER STATE, THE NATIONAL BANK ACT, CHAPTER 106, 13  
3 STAT. 99, THE INTERNATIONAL BANKING ACT OF 1978, OR IF ENGAGED IN  
4 THE BUSINESS OF BANKING ON THE EFFECTIVE DATE OF THIS ACT UNDER  
5 AUTHORITY OF FORMER ACT NO. 341 OF THE PUBLIC ACTS OF 1937.

6 (2) ~~A person other than an individual or a corporation~~  
7 ~~shall not act as fiduciary, other than as an escrow agent. A~~  
8 ~~corporation shall not act as fiduciary, other than as an escrow~~  
9 ~~agent except.~~ EXCEPT FOR ACTING AS AN ESCROW AGENT, ONLY AN  
10 INDIVIDUAL OR CORPORATION MAY ACT AS A FIDUCIARY IN THIS STATE.  
11 A CORPORATION ACTING AS A FIDUCIARY MAY DO SO ONLY IF THE CORPO-  
12 RATION IS 1 OF THE FOLLOWING:

13 (a) ~~A trust company or a bank with trust powers having its~~  
14 ~~principal place of business located in this state and engaged in~~  
15 ~~the trust business on August 20, 1969 pursuant to the authority~~  
16 ~~of the national bank act, chapter 106, 13 Stat. 99, or former Act~~  
17 ~~No. 341 of the Public Acts of 1937.~~ A BANK OR STATE FOREIGN BANK  
18 BRANCH AUTHORIZED TO EXERCISE TRUST POWERS UNDER THIS ACT, OR A  
19 NATIONAL BANK AUTHORIZED TO EXERCISE TRUST POWERS UNDER THE  
20 NATIONAL BANK ACT, CHAPTER 106, 13 STAT. 99, OR AUTHORIZED TO  
21 CONDUCT TRUST BUSINESS IN THIS STATE PRIOR TO THE EFFECTIVE DATE  
22 OF THE ACT THAT ADDED SECTION 122.

23 (b) ~~A bank whether now or hereafter incorporated having its~~  
24 ~~principal place of business located in this state and which~~  
25 ~~obtains trust powers under the provisions of this act or of the~~  
26 ~~national bank act, chapter 106, 13 Stat. 99.~~ AN OUT-OF-STATE  
27 BANK, THAT IS AUTHORIZED TO EXERCISE TRUST POWERS UNDER THE LAW



1 OF THE STATE WHERE IT IS ORGANIZED, TO THE EXTENT A BANK MAY  
2 EXERCISE TRUST POWERS UNDER THIS ACT.

3 (c) A nonbanking corporation to the extent that it may be  
4 specifically authorized to act as fiduciary in this state by  
5 another statute of this state.

6 Sec. 54. (1) Any number of depository institutions may  
7 apply to incorporate a bank exclusively to serve depository  
8 institutions or their officers, directors, and employees.

9 (2) ~~Such~~ A depository ~~institutions~~ INSTITUTION shall  
10 apply to the commissioner for permission to organize a bank under  
11 this act, which application shall be on forms prescribed by the  
12 commissioner and ~~shall~~ set forth ~~such~~ THE information ~~as~~  
13 the commissioner ~~may require~~ REQUIRES.

14 (3) The commissioner shall examine the information contained  
15 in the application and make any other investigation the commis-  
16 sioner considers necessary pertaining to the organization of the  
17 new bank. The commissioner shall issue to the applicants, within  
18 the time period provided in section 30, written notice of  
19 approval or disapproval of the application.

20 (4) A bank organized pursuant to this section is not subject  
21 to the provisions of section 53, but shall comply with all other  
22 provisions of the act, except as otherwise specifically provided  
23 in rules of the commissioner promulgated under subsection (7).

24 (5) The shares of stock of a bank organized pursuant to this  
25 section shall be owned exclusively by depository institutions.

26 (6) As used in this section, ~~---(a) "Applicants~~  
27 "APPLICANT" means the depository institutions making an

1 application pursuant to this section. ~~(b) "Depository~~  
2 ~~institution" means a state or national bank, a state or federal~~  
3 ~~savings and loan association, a state or federal savings bank, or~~  
4 ~~a state or federal credit union.~~

5 (7) The commissioner may promulgate rules pursuant to the  
6 administrative procedures act of 1969, Act No. 306 of the Public  
7 Acts of 1969, being sections 24.201 to 24.328 of the Michigan  
8 Compiled Laws, to implement and enforce ~~the provisions of~~ this  
9 section. The rules shall be consistent with this section.

10 Sec. 75. Whenever a vote of the holders of shares of stock  
11 is required in this act, ~~such~~ THOSE provisions shall apply only  
12 to the voting stock in the ~~institution~~ BANK, OUT-OF-STATE BANK,  
13 NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK, voting by classes.

14 Sec. 121. (1) With the approval of the commissioner BASED  
15 UPON AN EXAMINATION OF EITHER THE BUYING OR SELLING ORGANIZATION,  
16 OR BOTH, and upon the affirmative vote of 2/3 of the members of  
17 its board of directors and of the holders of 2/3 of its stock  
18 entitled to vote, a bank may ~~sell~~ DO EITHER OR BOTH OF THE  
19 FOLLOWING:

20 (A) SELL all or substantially all of its assets of every  
21 kind, character, and description, including, but not ~~by way of~~  
22 ~~limitation~~ LIMITED TO, its goodwill and corporate franchises, to  
23 any bank, ~~association, or national banking association~~  
24 OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK.

25 (B) ~~(2) With the approval of the commissioner and upon the~~  
26 ~~affirmative vote of 2/3 of the members of its board of directors~~  
27 ~~and of the holders of 2/3 of its stock entitled to vote, a bank~~

1 ~~may purchase~~ PURCHASE all or substantially all of the assets OF  
 2 EVERY KIND, CHARACTER, AND DESCRIPTION, INCLUDING, BUT NOT  
 3 LIMITED TO, ITS GOODWILL AND CORPORATE FRANCHISES, and assume the  
 4 liabilities of any bank, ~~association, or national banking~~  
 5 ~~association~~ OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION, OR  
 6 SAVINGS BANK.

7 (2) ~~(3)~~ The consideration for ~~any~~ A purchase and sale  
 8 UNDER THIS SECTION may include shares of stock of the purchasing  
 9 bank, ~~stock association, or national banking association~~  
 10 OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK.  
 11 ~~No~~ A purchase and sale shall NOT be made to defeat or defraud  
 12 any of the creditors of the organizations.

13 ~~(4) The approval of the commissioner shall be based on~~  
 14 ~~examination of either the buying or selling organization, or~~  
 15 ~~both.~~

16 (3) ~~(5)~~ Certified copies of all shareholders' and  
 17 directors' proceedings under ~~the provisions of~~ this section  
 18 shall be filed with the commissioner ~~and with the county clerk~~  
 19 ~~of the county in which each of the organizations is located~~ and  
 20 shall contain in detail the particulars relating to the sale and  
 21 purchase, including a copy of the agreement of sale and  
 22 purchase.

23 SEC. 122. (1) A BANK MAY SELL 1 OR MORE OF ITS BRANCHES,  
 24 WITHOUT SELLING ALL OR SUBSTANTIALLY ALL OF THE BANK, TO A BANK,  
 25 OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK  
 26 LOCATED IN A STATE WHOSE LAWS WOULD PERMIT A BANK TO PURCHASE 1

1 OR MORE BRANCHES IN THAT STATE OF THE PURCHASING DEPOSITORY  
2 INSTITUTION.

3 (2) A BANK MAY PURCHASE 1 OR MORE BRANCHES, WITHOUT PURCHAS-  
4 ING ALL OR SUBSTANTIALLY ALL OF THE DEPOSITORY INSTITUTION, FROM  
5 A BANK, OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION, OR SAVINGS  
6 BANK.

7 SEC. 124. NOTWITHSTANDING THE RIEGLE-NEAL INTERSTATE BANK-  
8 ING AND BRANCHING EFFICIENCY ACT OF 1994, PUBLIC LAW 103-328, 108  
9 STAT. 2338, TO THE CONTRARY, THERE SHALL BE NO LIMIT UPON THE  
10 AMOUNT OR SHARE OF DEPOSITS HELD OR CONTROLLED IN THIS STATE BY  
11 ANY BANK, OUT-OF-STATE BANK, NATIONAL BANK, OR BANK HOLDING COM-  
12 PANY ON A CONSOLIDATED BASIS.

13 Sec. 125. (1) ~~With the approval of the commissioner, 2 or~~  
14 ~~more banks may consolidate into a single bank which may be any 1~~  
15 ~~of the consolidating banks. A bank may consolidate with a~~  
16 ~~national banking association under the charter of the national~~  
17 ~~banking association. With the approval of the commissioner, any~~  
18 ~~national banking association or stock association may consolidate~~  
19 ~~with a bank under the charter of the bank.~~ SUBJECT TO APPROVAL  
20 BY THE COMMISSIONER, A BANK MAY CONSOLIDATE WITH ANY NUMBER OF  
21 CONSOLIDATING ORGANIZATIONS TO FORM A CONSOLIDATED BANK.

22 (2) The approval of the commissioner shall be based on an  
23 examination of each ~~of the organizations and of~~ CONSOLIDATING  
24 ORGANIZATION AND the agreement of consolidation. ~~No-~~ A consoli-  
25 dation shall NOT be made to defeat or defraud any of the credi-  
26 tors of ~~either~~ ANY of the CONSOLIDATING organizations.

1       (3) ~~The directors, or a~~ A majority of ~~them,~~ THE  
2 DIRECTORS of each organization proposing to consolidate ~~—~~ may  
3 enter into an agreement signed by them and under the seals of the  
4 respective organizations, prescribing the terms and conditions of  
5 consolidation, the mode of carrying the consolidation into effect  
6 and stating other facts required or permitted by the provisions  
7 of this act and ~~the national banking laws~~ ANY LAWS OF THE  
8 UNITED STATES that are to be set out in the articles, as can be  
9 stated in the case of a consolidation, to be stated in such  
10 altered form as the circumstances of the case require, as well as  
11 the manner of converting the shares of each of the consolidating  
12 organizations, into shares of the consolidated organization, with  
13 other details and provisions as are ~~deemed~~ CONSIDERED  
14 necessary.

15       (4) The PROPOSED CONSOLIDATION agreement shall be submitted  
16 to the shareholders of each consolidating organization, at a  
17 SEPARATE meeting called by the directors ~~separately~~ for the  
18 SOLE purpose of considering the agreement. ~~Notice of~~ A NOTICE  
19 INDICATING the time, place, and purpose of the meeting shall be  
20 given by publication IN A NEWSPAPER OF GENERAL CIRCULATION PUB-  
21 LISHED IN EACH STATE WHERE THE MAIN OFFICE OF A CONSOLIDATING  
22 ORGANIZATION IS LOCATED at least once a week for 4 consecutive  
23 weeks ~~next~~ preceding the date of the meeting. A copy of the  
24 notice shall ALSO be mailed to each shareholder of each  
25 CONSOLIDATING organization at his or her last known ~~post office~~  
26 address as appears from the stock records of the CONSOLIDATING  
27 organizations, by registered or certified mail, at least 10 days

1 prior to the date of the meeting. No notice by publication or  
2 otherwise shall be required if it is waived. At the meeting, the  
3 PROPOSED CONSOLIDATING agreement shall be considered and a vote  
4 by ballot, in person or by proxy, taken for the adoption or  
5 rejection of ~~it~~ THE AGREEMENT. At the meeting, each share of  
6 stock shall entitle the holder to 1 vote. If the votes of share-  
7 holders of each CONSOLIDATING organization representing 2/3 of  
8 the total number of shares of each class of ~~its~~ EACH CONSOLI-  
9 DATING ORGANIZATION'S outstanding capital stock are cast for the  
10 adoption of the agreement, that fact shall be certified on the  
11 agreement by the cashier or assistant cashier, secretary or  
12 assistant secretary of each of the CONSOLIDATING organizations.  
13 ~~under the seal. After~~ IF the agreement is adopted and certi-  
14 fied, it shall be ~~signed by the president or a vice president,~~  
15 ~~and the cashier or an assistant cashier, secretary or assistant~~  
16 ~~secretary of each of the organizations, under the respective~~  
17 ~~organization seals and~~ acknowledged by the president or a  
18 vice-president of each of the CONSOLIDATING organizations, before  
19 any officer authorized to take acknowledgment of deeds, to be the  
20 respective act, deed, and agreement of each of the CONSOLIDATING  
21 organizations. IF AN OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIA-  
22 TION, OR SAVINGS BANK IS A CONSOLIDATING ORGANIZATION AND  
23 APPROVAL IS REQUIRED BY LAWS OF THE UNITED STATES, THAT ORGANIZA-  
24 TION SHALL FURNISH A CERTIFIED COPY OF CONSENT OR APPROVAL OF THE  
25 APPROPRIATE FEDERAL REGULATOR OF THE CONSOLIDATION TO THE  
26 COMMISSIONER. The CONSOLIDATION agreement REQUIRED BY THIS  
27 SECTION shall be filed with the commissioner ~~in the number of~~

1 ~~duplicate originals as the commissioner directs and~~ WHO SHALL  
 2 CERTIFY UPON THE AGREEMENT THE DATE IT WAS FILED. THE FILING  
 3 WITH THE COMMISSIONER shall be the ~~agreement and~~ act of consol-  
 4 idation of the CONSOLIDATING organizations. ~~The national bank~~  
 5 ~~ing association, if there is one, shall furnish a certified copy~~  
 6 ~~of consent or approval of the comptroller of the currency to the~~  
 7 ~~consolidation if the consent or approval is required by the~~  
 8 ~~national bank laws. One of the original agreements shall be~~  
 9 ~~filed in the office of the bureau and the commissioner shall cer-~~  
 10 ~~tify and forward + of the original agreements to the county clerk~~  
 11 ~~of the county in which each of the organizations is located and +~~  
 12 ~~to the corporation division, department of treasury. The commis-~~  
 13 ~~sioner shall certify upon the agreement filed with the bureau,~~  
 14 ~~and the county clerk shall certify upon the agreement filed with~~  
 15 ~~him or her, the date when the agreement was filed. The~~  
 16 CONSOLIDATION agreement ~~and act,~~ or a copy ~~,~~ certified by the  
 17 commissioner, ~~or the county clerk,~~ is evidence of the agreement  
 18 and act of consolidation of the CONSOLIDATING organizations and  
 19 the observance and performance of all necessary acts and condi-  
 20 tions precedent to the consolidation.

21 (5) In effecting ~~the~~ A consolidation, stock of the consol-  
 22 idated bank may be issued IN ACCORDANCE WITH THIS ACT AND as pro-  
 23 vided by the terms of the consolidation agreement free from any  
 24 preemptive rights of the shareholders of the respective consoli-  
 25 dating ~~banks or stock association~~ ORGANIZATIONS.

26 SEC. 125A. (1) A BANK MAY CONSOLIDATE WITH ANY NUMBER OF  
 27 CONSOLIDATING ORGANIZATIONS TO FORM A CONSOLIDATED ORGANIZATION

1 IN ACCORDANCE WITH THE LAWS UNDER WHICH THE CONSOLIDATED  
2 ORGANIZATION IS CHARTERED, IF THE FOLLOWING APPLY:

3 (A) CONSOLIDATION IS PERMITTED BY THE LAWS UNDER WHICH EACH  
4 CONSOLIDATING ORGANIZATION IS ORGANIZED AND THE APPROPRIATE REGU-  
5 LATOR OR REGULATORS APPROVE THE CONSOLIDATION.

6 (B) THE CONSOLIDATING ORGANIZATIONS PROVIDE NOTICE TO THE  
7 COMMISSIONER BY FILING A COPY OF THE APPLICATION FOR CONSOLIDA-  
8 TION WITHIN 10 DAYS AFTER THE DATE THE APPLICATION IS FILED WITH  
9 THE APPROPRIATE FEDERAL REGULATOR.

10 (C) THE CONSOLIDATED ORGANIZATION COMPLIES WITH SECTION  
11 126(4) WITH RESPECT TO NOTICE OF CONSOLIDATION, BUT THAT NOTICE  
12 IS LIMITED TO A COURT, PUBLIC TRIBUNAL, AGENCY, OR OFFICER OF  
13 THIS STATE.

14 (2) SUBSECTION (1)(A) DOES NOT APPLY AFTER MAY 31, 1997.

15 Sec. 126. (1) ~~When the agreement of consolidation is filed~~  
16 ~~with the commissioner and, if required by the provisions of this~~  
17 ~~act, the consolidation is approved by the commissioner and, if~~  
18 ~~required by the national bank laws, by the comptroller of the~~  
19 ~~currency~~ FILING AND APPROVAL OF THE CONSOLIDATION AGREEMENT AS  
20 REQUIRED BY SECTION 125 HAVE BEEN COMPLETED, the corporate exis-  
21 tence of each consolidating organization ~~shall be~~ IS merged  
22 into and continued in the consolidated ~~organization which shall~~  
23 ~~be deemed to be the same corporation as each of the consolidating~~  
24 ~~organizations, possessing~~ BANK. TO THE EXTENT AUTHORIZED BY THIS  
25 ACT, THE CONSOLIDATING BANK POSSESSES all the rights, interests,  
26 privileges, powers, and franchises and ~~being~~ IS subject to all  
27 the restrictions, disabilities, LIABILITIES, and duties of each



1 of the consolidating organizations. ~~All and singular the~~  
2 ~~rights, interests, privileges and franchises of each of the con-~~  
3 ~~solidating organizations and~~ THE TITLE TO all property, real,  
4 personal, and mixed, ~~and all debts due to any of the consolidat-~~  
5 ~~ing organizations on whatever account, shall be transferred to~~  
6 ~~and vested in the consolidated organization without any deed or~~  
7 ~~other transfer and without any order or other action on the part~~  
8 ~~of any court or otherwise, and all property, rights, privileges,~~  
9 ~~powers, franchises and interests and each and every other inter-~~  
10 ~~est shall be thereafter as effectually the property of the con-~~  
11 ~~solidated organization as they were of each of the consolidating~~  
12 ~~organizations. The title to any real estate, whether by deed or~~  
13 ~~otherwise, under the laws of this state vested in either of the~~  
14 ~~consolidating organizations,~~ IS TRANSFERRED TO THE CONSOLIDATED  
15 BANK, AND shall not revert or be in any way impaired by reason of  
16 this act. ~~The consolidated organization, by virtue of the con-~~  
17 ~~solidation, and without any order or other action on the part of~~  
18 ~~any court or otherwise, shall hold and enjoy~~

19 (2) A CONSOLIDATED BANK HOLDS AND ENJOYS the same and all  
20 rights of property, franchises, and interests, including appoint-  
21 ments, designations, and nominations and all other rights and  
22 interests ~~as trustee, executor, administrator, registrar of~~  
23 ~~stocks and bonds, guardian of estates, assignee, receiver, guard-~~  
24 ~~ian of mentally incompetent persons and in every other~~ IN ANY  
25 fiduciary capacity, in the same manner and to the same extent as  
26 ~~such~~ THOSE rights ~~, franchises~~ and interests were held or  
27 enjoyed by each consolidating organization at the time of the

1 consolidation. ~~Where any such~~ IF A consolidating organization  
 2 at the time of consolidation was acting under appointment of any  
 3 court ~~as trustee, executor, administrator, registrar of stocks~~  
 4 ~~and bonds, guardian of estates, assignee, receiver, guardian of~~  
 5 ~~mentally incompetent persons or in any other~~ A fiduciary  
 6 capacity, the consolidated ~~organization shall be~~ BANK IS  
 7 subject to removal by a court of competent jurisdiction. ~~in the~~  
 8 ~~same manner and to the same extent as was the consolidating~~  
 9 ~~organization prior to the consolidation. Nothing in this act~~  
 10 ~~shall be construed to impair in any manner the right of any court~~  
 11 ~~to remove the consolidated organization for reasons other than~~  
 12 ~~the fact of consolidation, and to appoint in lieu thereof a sub-~~  
 13 ~~stitute trustee, executor or other fiduciary, except that such~~  
 14 ~~right shall not be exercised in such a manner as to discriminate~~  
 15 ~~against national banking associations. The~~

16 (3) A consolidated ~~organization~~ BANK shall file with each  
 17 court or other public tribunal, agency, or officer IN ANY STATE  
 18 by which ~~each~~ ANY of the consolidating organizations shall have  
 19 been appointed in the capacity of fiduciary or agent, and in the  
 20 court file of each estate, suit, or proceeding in which any of  
 21 them has been acting, ~~a statement~~ AN AFFIDAVIT setting forth  
 22 the fact of consolidation, the name of each CONSOLIDATING  
 23 organization, ~~participating therein,~~ the name of the consoli-  
 24 dated ~~organization~~ BANK, its ~~place of business~~ MAIN OFFICE  
 25 and the amount of its capital and surplus.

26 Sec. 128. (1) WHETHER IT MAINTAINS A PRESENCE IN THIS  
 27 STATE, A CONSOLIDATED ORGANIZATION OR ANY OF ITS SUCCESSORS IN

1 INTEREST ARE SUBJECT TO SERVICE OF PROCESS IN A PROCEEDING IN  
2 THIS STATE FOR ENFORCEMENT OF ANY OBLIGATION INCURRED IN THIS  
3 STATE BY ANY CONSOLIDATING ORGANIZATION THAT IS OR WAS A PARTY TO  
4 A CONSOLIDATION.

5 (2) ~~Any~~ AN action or proceeding by or against any of the  
6 consolidating ~~organizations~~ ORGANIZATION IN A COURT OR ANY  
7 OTHER PUBLIC TRIBUNAL OF THIS STATE may be prosecuted to judg-  
8 ment, as if consolidation had not taken place, or the consoli-  
9 dated BANK OR CONSOLIDATED organization may be substituted in the  
10 place of any consolidating organization WHOSE EXISTENCE HAS  
11 CEASED.

12 Sec. 129. (1) ~~Subject to the requirements, restrictions,~~  
13 ~~and limitations of section 171, any consolidated bank or national~~  
14 ~~banking association resulting from a consolidation under section~~  
15 ~~125, and any bank or national banking association which purchases~~  
16 ~~the assets of a bank, association, or national banking associa-~~  
17 ~~tion as provided for in section 121 may establish and operate as~~  
18 ~~a branch or branches the acquired organization or organizations~~  
19 ~~or any organization which sells its assets to another bank or~~  
20 ~~national banking association as provided for in section 121. A~~  
21 BANK, OUT-OF-STATE BANK, OR NATIONAL BANK THAT CONSOLIDATES ITS  
22 OPERATIONS WITH, OR PURCHASES THE ASSETS OR 1 OR MORE BRANCHES  
23 OF, ANOTHER BANK, OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION,  
24 OR SAVINGS BANK MAY OPERATE THE CONSOLIDATED OR ACQUIRED BANK,  
25 OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK  
26 BRANCH OR BRANCHES LOCATED IN THIS STATE AS A BRANCH OR BRANCHES  
27 OF THE CONSOLIDATED OR ACQUIRED BANK.

1       (2) ~~Notwithstanding the provisions of subsection (1) and~~  
2 ~~section 171, any consolidated bank resulting from the consolida-~~  
3 ~~tion of a bank and a stock association under section 125, and any~~  
4 ~~bank which purchases the assets of an association as provided for~~  
5 ~~in section 121 may retain and continue to operate 1 or more~~  
6 ~~branches and principal office locations of the consolidating~~  
7 ~~organizations as branches which were legally operating immedi-~~  
8 ~~ately prior to consolidation, without being required to establish~~  
9 ~~or reestablish any branch or branches pursuant to section 171 and~~  
10 ~~whether or not any branch or branches could, at the time the con-~~  
11 ~~solidation becomes effective, have been established or reestab-~~  
12 ~~lished as a branch or branches of the consolidating or consoli-~~  
13 ~~dated organization, consistent with the requirements, restric-~~  
14 ~~tions, and limitations of section 171.~~ A BANK, OUT-OF-STATE  
15 BANK, NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK OPERATING A  
16 BRANCH IN THIS STATE AS THE RESULT OF A CONSOLIDATION OR PURCHASE  
17 OF ASSETS OR A BRANCH OR BRANCHES UNDER THIS ACT SHALL PROVIDE  
18 NOTICE OF THAT OPERATION TO THE COMMISSIONER WITHIN 30 DAYS AFTER  
19 THE EFFECTIVE DATE OF THE CONSOLIDATION OR PURCHASE.

20       Sec. 130. (1) ~~For the purposes of this section the follow-~~  
21 ~~ing definitions shall apply~~ AS USED IN THIS SECTION:

22       (a) "Bank holding company" means a company as defined in the  
23 bank holding company act of 1956, chapter 240, 70 Stat. 133, ~~as~~  
24 ~~amended~~, which is not a bank or national banking association and  
25 which is a bank holding company approved by the board of gover-  
26 nors of the federal reserve system pursuant to section 3(d) of  
27 the bank holding company act of 1956, CHAPTER 240, 70 STAT. 134,

1 12 U.S.C. 1842, or will become such an approved bank holding  
2 company prior to or upon the completion of the consolidation pro-  
3 vided in this section.

4 (b) "Existing bank" means a bank engaged in the business of  
5 banking prior to the consolidation provided in this section.

6 (c) "New bank" means a bank not engaged in the business of  
7 banking prior to the consolidation provided in this section.

8 (d) "Existing association" means a stock association engaged  
9 in the savings and loan business prior to the consolidation pro-  
10 vided in this section.

11 (2) Notwithstanding any other section of this act:

12 (a) Natural persons as provided in section 52 may organize  
13 and incorporate as the incorporator or incorporators a new bank  
14 having its principal office in the same city or village as the  
15 principal office of an existing bank or existing association in  
16 the manner specified in section 53, but without regard to ~~the~~  
17 ~~provisions of~~ section 53(2) and (3)(b), (c), (d), and (e), and  
18 section 55, if the new bank is organized for the sole purpose of  
19 effecting its consolidation under section 125 with an existing  
20 bank or existing association having its principal office in the  
21 same city or village as the new bank and if upon completion of  
22 the consolidation a bank holding company becomes the owner of all  
23 of the outstanding voting shares of the consolidated organiza-  
24 tion, other than shares necessary to qualify directors. The new  
25 bank and the existing bank may consolidate under the charter of  
26 either bank. The new bank and the existing association shall  
27 consolidate under the charter of the new bank and ~~the provisions~~

1 ~~of~~ sections 125, 126, 127, and 128 ~~shall be~~ ARE applicable  
2 with respect to the consolidation except that the agreement of  
3 consolidation may provide that shares of either or both the con-  
4 solidating organizations, in lieu of being converted into shares  
5 of the consolidated organization, will be converted into shares  
6 or other securities of the bank holding company.

7       (b) A shareholder of the existing bank or existing associa-  
8 tion who votes against the consolidation, or who has given notice  
9 in writing to that bank or association at or prior to the meeting  
10 called for the purpose of considering the agreement of consolida-  
11 tion that he or she dissents from the consolidation, ~~shall be~~  
12 IS entitled to receive in cash from the consolidated organization  
13 the fair value of all shares held by him or her, if and when the  
14 consolidation is consummated, upon written request made to the  
15 consolidated organization at any time within 30 days after the  
16 date of consummation of the consolidation, accompanied by the  
17 surrender of his or her stock certificates. Upon the filing of  
18 the written request and the surrender of stock certificates, the  
19 shareholder shall cease to have any of the rights of a share-  
20 holder except the right to be paid the fair value of his or her  
21 shares. The request having been made ~~, may~~ SHALL not be with-  
22 drawn except with the written consent of the consolidated  
23 organization. The fair value of the shares shall be determined,  
24 as of the date on which the meeting of shareholders of the exist-  
25 ing bank or existing association was held adopting the agreement  
26 of consolidation, by a qualified and independent appraiser  
27 selected by the commissioner upon written application filed by a

1 dissenting shareholder entitled to receive the fair value of his  
2 or her shares or by the consolidated organization. The appraiser  
3 selected shall file a written report of his or her appraisal with  
4 the commissioner, who in turn shall forward copies to all inter-  
5 ested parties. The valuation determined by the appraiser ~~shall~~  
6 ~~be~~ IS final and binding on all parties as to the fair value of  
7 the shares. The consolidated organization shall pay to each dis-  
8 senting shareholder entitled the fair value of his or her shares  
9 within 30 days following the receipt of the written report of the  
10 appraiser. The fees and expenses of the appraisal, which shall  
11 be approved by the commissioner, shall be paid by the consoli-  
12 dated organization. The agreement of consolidation shall provide  
13 the manner of disposing of the shares of the existing bank or  
14 existing association surrendered by the dissenting shareholders.

15 (c) The consolidated organization, whether or not it is the  
16 new bank, the existing bank, or any national ~~banking~~  
17 ~~association~~ BANK resulting from a consolidation or merger of an  
18 existing national ~~banking association~~ BANK, and a new national  
19 ~~banking association~~ BANK having its principal office in the  
20 same city or village as the principal office of the existing  
21 national ~~banking association~~ BANK under the provisions of the  
22 national bank laws in a situation where the new national ~~banking~~  
23 ~~association~~ BANK was organized for the express purpose of  
24 effecting its consolidation or merger with the existing national  
25 ~~banking association~~ BANK and upon the completion of the consol-  
26 idation or merger a bank holding company becomes the owner of all  
27 of the outstanding voting shares of the resulting consolidated

1 national ~~banking association~~ BANK, other than shares necessary  
 2 to qualify directors, shall have the right, notwithstanding any  
 3 of the requirements, restrictions, and limitations of section 171  
 4 ~~—~~ or any other provision of law, to retain and continue to  
 5 operate or to establish and operate as its principal office the  
 6 principal office of the existing bank, existing association, or  
 7 existing national ~~banking association~~ BANK and as its branches  
 8 all branches of the existing bank, existing association, or  
 9 existing national ~~banking association~~ BANK which were legally  
 10 operating immediately prior to the consolidation or merger,  
 11 whether or not the principal office or the branch or branches  
 12 could, at the time the consolidation or merger becomes effective,  
 13 have been established or reestablished consistently with the  
 14 requirements, restrictions, and limitations of section 171, or  
 15 any other provision of law.

16 (3) For the purposes of this section consolidation and  
 17 merger are interchangeable and each means and includes the con-  
 18 solidation or merger of banks, stock associations, or ~~of~~  
 19 national ~~banking associations~~ BANKS in any manner provided by  
 20 this act or by ~~the national bank~~ FEDERAL BANKING laws.

21 ~~-(3) Nothing in this section shall be construed as a waiver~~  
 22 ~~of the restrictions against interstate banking set forth in sec-~~  
 23 ~~tion 3(d) of the bank holding company act of 1956, 12~~  
 24 ~~U.S.C. 1842, as amended.~~

25 Sec. 130b. (1) ~~For purposes of~~ AS USED IN this section:



1 (a) "Bank holding company" means a bank holding company as  
2 defined in section 2 of the bank holding company act of 1956,  
3 CHAPTER 240, 70 STAT. 133, 12 U.S.C. 1841.

4 (b) "Banking institution" means an entity that is, or is  
5 eligible to become, an "insured bank" as defined in section 3 of  
6 the federal deposit insurance act, CHAPTER 967, 64 STAT. 873, 12  
7 U.S.C. 1813.

8 (c) "Consumer loan" means credit offered or extended by a  
9 lender primarily for personal, family, or household purposes,  
10 except for a loan, mortgage, or advance secured by a first lien  
11 on residential real property or by a first lien on a mobile  
12 home.

13 (d) "Lender" means a banking institution or a subsidiary of  
14 a bank holding company.

15 (e) "Michigan banking institution" means a banking institu-  
16 tion whose principal place of business is located in this state  
17 and is incorporated under this act or former Act No. 341 of the  
18 Public Acts of 1937, and a ~~national banking association~~ BANK  
19 whose principal place of business is located in this state.

20 (f) "Out of state bank holding company" means a bank holding  
21 company located in a state other than this state.

22 (g) "Regional bank holding company" means a bank holding  
23 company that is located in Illinois, Indiana, Minnesota, Ohio, or  
24 Wisconsin, other than a bank holding company that is controlled,  
25 directly or indirectly, by a bank holding company that is not  
26 itself a regional bank holding company or is not located in this  
27 state.

1 (h) "Subsidiary" means a subsidiary as defined in section 2  
2 of the bank holding company act of 1956, CHAPTER 240, 70  
3 STAT. 133, 12 U.S.C. 1841.

4 (i) A bank holding company is located in the state in which  
5 the operations of such bank holding company's banking subsidi-  
6 aries were principally conducted. ~~, as defined in section 3(d)~~  
7 ~~of the bank holding company act of 1956, 12 U.S.C. 1842, as of~~  
8 ~~the date described in section 3(d) of that act.~~

9 (j) A banking institution is located in the state in which  
10 its principal place of business is located.

11 (k) A bank holding company controls a banking institution or  
12 another bank holding company if it has control as defined in sec-  
13 tion 2(a)(2) of the bank holding company act of 1956, CHAPTER  
14 240, 70 STAT. 133, 12 U.S.C. 1841.

15 (2) With the approval of the commissioner, a regional bank  
16 holding company may acquire, directly or indirectly, ownership or  
17 control of any or all of the voting shares of the capital stock  
18 of any number of Michigan banking institutions if all of the fol-  
19 lowing conditions are met:

20 (a) The commissioner determines that the laws of the state  
21 in which the regional bank holding company is located authorize a  
22 bank holding company located in this state to acquire, directly  
23 or indirectly, ownership or control of any or all of the voting  
24 shares of the capital stock of 1 or more banking institutions  
25 located in that state, under conditions ~~which~~ THAT are not  
26 unduly restrictive.

1 (b) The commissioner determines that an acquisition  
2 described in subdivision (a) would not restrict the powers or  
3 privileges of any banking institution acquired in that state.

4 (c) The commissioner does not determine that the acquisition  
5 is likely to impair the safety and soundness of the Michigan  
6 banking institution to be acquired or of a Michigan banking  
7 institution that is already controlled by the regional bank hold-  
8 ing company.

9 (d) The commissioner determines that the applicant has com-  
10 plied with the requirements of subsections (11) and (12).

11 (3) A regional bank holding company desiring to make an  
12 acquisition pursuant to subsection (2) shall file an application  
13 with the commissioner. The application shall be in a form and  
14 contain the information considered necessary by the  
15 commissioner. The commissioner shall approve the application if  
16 the commissioner determines that the applicant is a regional bank  
17 holding company and that all of the conditions set forth in sub-  
18 section (2) are met.

19 (4) ~~Beginning October 10, 1988, with~~ WITH the approval of  
20 the commissioner, an out-of-state bank holding company may  
21 acquire, directly or indirectly, ownership or control of any or  
22 all of the voting shares of the capital stock of any number of  
23 Michigan banking institutions if all of the following conditions  
24 are met:

25 (a) The commissioner determines that the laws of the state  
26 in which the out-of-state bank holding company is located  
27 authorize a bank holding company located in this state to

1 acquire, directly or indirectly, ownership or control of any or  
2 all of the voting shares of 1 or more banking institutions in  
3 that state, under conditions ~~which~~ THAT are not unduly  
4 restrictive.

5 (b) The commissioner determines that an acquisition  
6 described in subdivision (a) would not restrict the powers or  
7 privileges of any banking institution acquired in that state.

8 (c) The commissioner does not determine that the acquisition  
9 is likely to impair the safety and soundness of the Michigan  
10 banking institution to be acquired or of a Michigan banking  
11 institution that is already controlled by the regional bank hold-  
12 ing company.

13 (d) The commissioner determines that the applicant has com-  
14 plied with the requirements of subsections (11) and (12).

15 (5) An out-of-state bank holding company desiring to make an  
16 acquisition pursuant to subsection (4) shall file an application  
17 with the commissioner. The application shall be in a form and  
18 contain the information considered necessary by the  
19 commissioner. The commissioner shall approve the application if  
20 the commissioner determines that the applicant is an out-of-state  
21 bank holding company and that all of the conditions set forth in  
22 subsection (4) are met.

23 (6) With the approval of the commissioner, a bank holding  
24 company located in this state may acquire, directly or indirect-  
25 ly, ownership or control of any or all of the voting shares of  
26 the capital stock of a banking institution located outside this  
27 state. A bank holding company desiring to make an acquisition

1 pursuant to this subsection shall file an application with the  
2 commissioner. The commissioner shall approve the application if  
3 the bank holding company meets the requirements of subsections  
4 (11) and (12).

5 (7) The commissioner shall make a determination required by  
6 subsection (3), (5), or (6) within ~~60~~ 100 days after ~~receipt~~  
7 ACCEPTANCE of the application.

8 (8) An acquisition made pursuant to this section shall not  
9 affect the powers or privileges of the acquired banking  
10 institution.

11 (9) Nothing in this section shall be construed as impairing  
12 or affecting the authority of a bank holding company that is  
13 located in this state and is not controlled by an out-of-state  
14 bank holding company to acquire control of a Michigan banking  
15 institution.

16 (10) Nothing in this section shall be construed as authoriz-  
17 ing any banking subsidiary or any other person, firm, or corpora-  
18 tion to operate a branch or otherwise to engage in the business  
19 of banking or to act as fiduciary in this state other than as  
20 provided in section 51.

21 (11) In connection with an application filed by a bank hold-  
22 ing company, pursuant to subsection (3), (5), or (6), the appli-  
23 cant, as a condition of the approval, shall sign an agreement  
24 ~~which shall be~~ THAT IS in substantially the following form:  
25 "Applicant and all its subsidiaries, wherever located, when  
26 making a consumer loan to a resident of this state who does not  
27 physically travel out of this state in order to obtain the

1 consumer loan, hereby agrees to comply with the laws of this  
2 state governing the maximum rate of interest that may be charged  
3 and other provisions, relating to that type of consumer loan,  
4 which protect consumers. This written agreement shall not apply  
5 to unsecured open end credit extended by a banking institution  
6 not located in this state or to any other subsidiaries of the  
7 applicant not located in this state, to the extent that federal  
8 law may make such provisions of Michigan law inapplicable to such  
9 credit extended by such lenders. This written agreement shall  
10 not require a Michigan banking institution which is a subsidiary  
11 of the applicant to comply with the laws of this state governing  
12 the maximum rate of interest that may be charged and other provi-  
13 sions, relating to that type of consumer loan, which protect con-  
14 sumers if federal law is enacted to preempt any of the provisions  
15 of such laws of this state for a consumer loan made to a resident  
16 of this state by such Michigan banking institution, but such non-  
17 compliance shall be limited to the specific extent of the  
18 preemption. Nothing in this agreement shall exempt the applicant  
19 or any of its subsidiaries from complying with Michigan law to  
20 the extent that such lender is otherwise required to comply with  
21 Michigan law." Any material deviation from the form of the  
22 agreement ~~provided in this subsection~~ shall be by rule promul-  
23 gated pursuant to the administrative procedures act of 1969, Act  
24 No. 306 of the Public Acts of 1969, being sections 24.201 to  
25 24.328 of the Michigan Compiled Laws. ~~Any~~ A rule promulgated  
26 pursuant to this subsection shall not add to or delete any of the  
27 substantive provisions provided in this subsection.

1 (12) In connection with an application filed by a bank  
2 holding company pursuant to subsection (3), (5), or (6), the com-  
3 missioner shall assess the composite record of the bank subsidi-  
4 aries of the bank holding company in meeting the credit needs of  
5 the communities in the state in which the bank subsidiaries are  
6 located, including low and moderate income neighborhoods, consis-  
7 tent with the safe and sound operation of the bank subsidiaries  
8 of the bank holding company. In assessing the record of the bank  
9 subsidiaries of the applicant, the commissioner shall consider  
10 the factors considered by the appropriate federal financial  
11 supervisory agency pursuant to regulations promulgated under the  
12 community reinvestment act of 1977, TITLE VIII OF PUBLIC LAW  
13 95-128, 12 U.S.C. 2901 TO 2907. The commissioner shall request  
14 the applicant to supply the commissioner with information and  
15 disclosures prepared by the applicant in compliance with the com-  
16 munity reinvestment act of 1977 ~~12 U.S.C. 2901~~ and regula-  
17 tions promulgated thereunder, and a copy of the most recent  
18 assessment of the bank subsidiaries of the applicant conducted by  
19 the appropriate federal financial supervisory agency pursuant to  
20 the community reinvestment act. In making ~~such~~ THE request,  
21 the commissioner shall give attention to the objective of mini-  
22 mizing the paperwork burdens of banking organizations. The com-  
23 missioner may seek to obtain from the appropriate federal finan-  
24 cial supervisory agency copies of relevant information in the  
25 possession of ~~such~~ THE applicable agency, which may bear upon  
26 the record of the bank subsidiaries of the applicant in meeting  
27 the credit needs of their entire communities, including low and

1 moderate income neighborhoods, consistent with the safe and sound  
2 operation of the bank subsidiaries, to make the assessment pro-  
3 vided for in this subsection. This subsection shall not autho-  
4 rize the commissioner to make an on-site examination of a  
5 ~~national banking association~~ BANK, and shall not authorize the  
6 commissioner to make an on-site examination of a state chartered  
7 bank for the purpose of assessing the record of the bank subsidi-  
8 aries of the applicant.

9       (13) If a lender that is not located in this state takes a  
10 security interest on a consumer loan, and charges a rate of  
11 interest in excess of the rate permitted by the laws of this  
12 state or otherwise violates a provision of the laws of this state  
13 relating to that type of consumer loan which protect consumers,  
14 such security interest shall not be enforceable in this state,  
15 unless the lender shows by a preponderance of evidence that the  
16 violation was not intentional and resulted from a bona fide error  
17 notwithstanding the maintenance of procedures reasonably adopted  
18 to avoid any such error. Examples of bona fide error include,  
19 but are not limited to, clerical, calculation, computer malfunc-  
20 tion and programming, and printing errors, except that an error  
21 of legal judgment by a lender is not a bona fide error. This  
22 subsection shall not apply if the consumer is a resident of this  
23 state who physically travels out of this state in order to obtain  
24 the consumer loan.

25       (14) If another state has enacted legislation ~~which~~ THAT  
26 contemplates the possibility of a bank holding company located in  
27 this state being able to acquire any or all of the voting shares



1 of the capital stock of 1 or more banking institutions located in  
 2 that state, and if ~~such~~ THE transaction is prevented by a find-  
 3 ing by the appropriate official or agency in that state, or a  
 4 court of competent jurisdiction in that state, to the effect that  
 5 Michigan law does not satisfy the reciprocity standard estab-  
 6 lished in that state's law, the commissioner shall take appropri-  
 7 ate actions to communicate with persons in that state in an  
 8 attempt to encourage action to bring about a positive finding in  
 9 that state with respect to reciprocity with Michigan. The com-  
 10 missioner shall also promptly notify the clerk of the house of  
 11 representatives and secretary of the senate of any ~~such~~ nega-  
 12 tive finding by another state with respect to reciprocity.

13 (15) ~~This subsection~~ SUBSECTION (14) shall only be appli-  
 14 cable to negative findings in Illinois, Indiana, Minnesota, Ohio,  
 15 or Wisconsin before October 10, 1988.

16 ~~(15) This section shall take effect January 1, 1986.~~

17 Sec. 141. (1) A foreign bank authorized by its charter or  
 18 articles of incorporation to engage in the business of banking,  
 19 which has complied with the laws of the ~~foreign country~~  
 20 JURISDICTION in which it is chartered or incorporated, and which  
 21 does not operate a federal agency in this state may submit to the  
 22 commissioner an application to establish AND OPERATE a state  
 23 agency. ~~The application shall contain information the commis-~~  
 24 ~~sioner considers necessary to enable the commissioner to deter-~~  
 25 ~~mine whether the applicant is entitled to a certificate of~~  
 26 ~~authority.~~

1       (2) A FOREIGN BANK AUTHORIZED BY ITS CHARTER OR ARTICLES OF  
2 INCORPORATION TO ENGAGE IN THE BUSINESS OF BANKING, AND THAT HAS  
3 COMPLIED WITH THE LAWS OF THE JURISDICTION IN WHICH IT IS  
4 CHARTERED OR INCORPORATED, AND THAT HAS NOT PREVIOUSLY DESIGNATED  
5 ANY OTHER STATE AS ITS HOME STATE UNDER PROVISIONS OF THE INTER-  
6 NATIONAL BANKING ACT OF 1978, MAY SUBMIT AN APPLICATION TO THE  
7 COMMISSIONER TO ESTABLISH AND OPERATE A STATE FOREIGN BANK  
8 BRANCH.

9       (3) UPON WRITTEN NOTIFICATION TO THE COMMISSIONER, A FOREIGN  
10 BANK AUTHORIZED BY ITS CHARTER OR ARTICLES OF INCORPORATION TO  
11 ENGAGE IN THE BUSINESS OF BANKING, AND THAT HAS COMPLIED WITH THE  
12 APPLICABLE LAWS OF THE JURISDICTION IN WHICH IT IS CHARTERED OR  
13 INCORPORATED, MAY ESTABLISH AND OPERATE A FOREIGN BANK REPRESENTATIVE  
14 OFFICE IN THIS STATE.

15       (4) ~~(2)~~ The commissioner shall examine the information and  
16 statements contained in the application SUBMITTED UNDER  
17 SUBSECTION (1) OR (2) and shall make any investigation the commissioner  
18 considers necessary regarding the financial and managerial resources of the  
19 applicant. The commissioner shall also  
20 consider whether there exists an opportunity for a bank having  
21 its principal place of business in this state to conduct business  
22 in the foreign country in which the applicant is chartered or  
23 incorporated.

24       ~~(3) The applicant shall pay to the commissioner fees to the~~  
25 ~~same extent required for the processing of an application for the~~  
26 ~~organization of a new bank pursuant to section 25, subsection~~  
27 ~~(2)(d).~~

1 (5) ~~(4)~~ If, after examining the information contained in  
2 the application, conducting any investigation considered neces-  
3 sary, and receiving all necessary application and investigation  
4 fees from the applicant, THE COMMISSIONER IS SATISFIED AS TO THE  
5 SUFFICIENCY OF THE CAPITAL AND SURPLUS OF THE BANK AND THE PROS-  
6 PECTS OF SUCCESSFUL OPERATION IF ESTABLISHED, AND the commis-  
7 sioner determines approval of the application would be in the  
8 public interest, the commissioner shall issue to the applicant a  
9 certificate of authority to conduct business in this state at the  
10 address specified in the certificate.

11 Sec. 142. (1) Except as otherwise provided in this act or  
12 other law of this state, operations of a foreign bank at a state  
13 agency OR STATE FOREIGN BANK BRANCH shall be conducted with the  
14 same rights and privileges and subject to the same duties,  
15 restrictions, penalties, liabilities, conditions, and limitations  
16 that would apply under this act to a bank doing business at the  
17 same location, except that a state agency or an additional office  
18 of a state agency shall not accept nor solicit deposits from cit-  
19 izens or residents of the United States or exercise trust  
20 powers. OPERATIONS OF A FOREIGN BANK REPRESENTATIVE OFFICE ARE  
21 LIMITED TO REPRESENTATIONAL FUNCTIONS.

22 (2) ~~A~~ WITH THE PRIOR APPROVAL OF THE COMMISSIONER, A for-  
23 eign bank which operates a state agency OR STATE FOREIGN BANK  
24 BRANCH is permitted ~~, with the prior approval of the~~  
25 ~~commissioner,~~ to establish and operate additional offices in  
26 this state subject to ~~the provisions of~~ section 171. For  
27 purposes of section 171, the principal office of a foreign bank

1 operating under this ~~chapter~~ ACT shall be its first  
2 ~~established~~ state agency OR STATE FOREIGN BANK BRANCH  
3 ESTABLISHED in this state.

4 (3) A state agency OR STATE FOREIGN BANK BRANCH shall not be  
5 required to become an insured bank, as insured bank is defined in  
6 section 3 of the federal deposit insurance act, CHAPTER 967, 64  
7 STAT. 873, 12 U.S.C. 1813, UNLESS THE STATE FOREIGN BANK BRANCH  
8 ACCEPTS DEPOSITS DESCRIBED IN SECTION 3 OF THE FEDERAL DEPOSIT  
9 INSURANCE ACT.

10 (4) A foreign bank which operates a state agency OR STATE  
11 FOREIGN BANK BRANCH in this state shall maintain the accounts and  
12 conduct the business of the state agency OR STATE FOREIGN BANK  
13 BRANCH independently of the accounts and business of the parent  
14 foreign bank.

15 (5) The commissioner may, at any time, investigate the  
16 accounts and business of a state agency, STATE FOREIGN BANK  
17 BRANCH, OR FOREIGN BANK REPRESENTATIVE OFFICE operating in this  
18 state, and for that purpose may require that a foreign bank make  
19 available in this state for examination all the books, accounts,  
20 records, and files of the foreign bank ~~which~~ THAT contain  
21 information regarding the accounts and business of that state  
22 agency, STATE FOREIGN BANK BRANCH, OR FOREIGN BANK REPRESENTATIVE  
23 OFFICE.

24 (6) A foreign bank shall pay to the commissioner an investi-  
25 gation fee for any investigation conducted pursuant to subsection  
26 (5). The investigation fee shall be reasonably related to the  
27 cost to the bureau of conducting the investigation. Upon

1 completion of an investigation, the commissioner shall submit to  
2 the foreign bank an invoice for the amount of the investigation  
3 fee. The invoice shall be due and payable upon receipt of the  
4 invoice by the foreign bank. All fees provided for in ~~section~~  
5 ~~141 and~~ this section shall be paid into the state treasury in  
6 the same manner as provided by ~~subsection (6) of~~ section ~~25-~~  
7 25(9).

8       Sec. 143. A foreign bank operating a state agency OR STATE  
9 FOREIGN BANK BRANCH in this state shall, at the times and in the  
10 form prescribed by the commissioner, file with the commissioner  
11 reports written in the English language, showing the amount of  
12 its assets and liabilities and containing other information  
13 requested by the commissioner. A foreign bank ~~which~~ THAT fails  
14 to comply with this section is subject to the penalty provided in  
15 section 226.

16       Sec. 144. (1) A state agency OR STATE FOREIGN BANK BRANCH  
17 may be converted into a federal agency OR FEDERAL BRANCH pursuant  
18 to ~~section 2 of~~ the international banking act of 1978. ~~12~~  
19 ~~U.S.C. 3102.~~

20       (2) A federal agency OR FEDERAL BRANCH may be converted,  
21 with the written approval of the commissioner, into a state  
22 agency OR STATE FOREIGN BANK BRANCH. If the converted STATE  
23 agency OR STATE FOREIGN BANK BRANCH succeeds to assets in which  
24 it does not have the legal power to invest, or liabilities which  
25 it does not have power to incur, those assets or liabilities  
26 shall be disposed of within the next 12 calendar months of the  
27 date of the conversion, except that the commissioner may extend

1 this period in the interest of an orderly disposition of those  
2 assets or liabilities. ~~However, the~~ THE disposition period  
3 shall not exceed 3 years.

4       Sec. 145. (1) If, in the opinion of the commissioner, ~~any~~  
5 A foreign bank is engaging, or has engaged, or the commissioner  
6 has reasonable cause to believe that the foreign bank is about to  
7 engage, in an unsafe or unsound practice in conducting the busi-  
8 ness of a state agency, STATE FOREIGN BANK BRANCH, OR FOREIGN  
9 BANK REPRESENTATIVE OFFICE, or is violating, has violated, or the  
10 commissioner has reasonable cause to believe that the foreign  
11 bank is about to violate, a state or federal law or a state or  
12 federal rule or regulation, the commissioner may issue and serve  
13 upon the foreign bank a notice of intent to revoke the foreign  
14 bank's certificate of authority. The notice shall inform the  
15 foreign bank of its right to request a hearing within 10 days.

16       (2) If the foreign bank requests a hearing, the commissioner  
17 shall hold a hearing which shall be conducted in accordance with  
18 THE ADMINISTRATIVE PROCEDURES ACT OF 1969, Act No. 306 of the  
19 Public Acts of 1969, being sections 24.201 to ~~24.315~~ 24.328 of  
20 the Michigan Compiled Laws.

21       (3) Within 60 days after the hearing, the commissioner shall  
22 file a written decision containing his or her findings and serve  
23 a copy upon the foreign bank.

24       Sec. 146. Authority to operate a state agency, STATE FOR-  
25 EIGN BANK BRANCH, OR FOREIGN BANK REPRESENTATIVE OFFICE shall  
26 terminate upon dissolution of the foreign bank, ~~the foreign~~  
27 ~~bank's surrender of its certificate of authority,~~ or the

1 commissioner's revocation of the foreign bank's ~~certificate of~~  
2 authority TO OPERATE IN THIS STATE. Upon termination of the  
3 authority to operate a state agency OR STATE FOREIGN BANK BRANCH,  
4 the commissioner shall become agent for the foreign bank for  
5 service of process and shall exercise the same powers, including  
6 the right to appoint a receiver, over the assets and liabilities  
7 of the state agency OR STATE FOREIGN BANK BRANCH as are permitted  
8 over a state chartered bank in liquidation pursuant to sections  
9 111 and 251 to 268.

10 Sec. 151. Subject to the limitations and restrictions con-  
11 tained in this act or in a bank's articles, the bank may engage  
12 in the business of banking and a business related or incidental  
13 to banking, and for that purpose, without specific mention  
14 ~~thereof~~ in its articles, a bank has the powers conferred by  
15 this act and the following additional corporate powers:

16 (1) To have a corporate seal, ~~which~~ THAT may be altered at  
17 pleasure, and to use the corporate seal by causing it, or a fac-  
18 simile of it, to be impressed, affixed, or reproduced in any  
19 manner.

20 (2) To have succession in perpetuity or for a limited period  
21 of time, as fixed by its articles or until its affairs are  
22 finally wound up by liquidation, forfeiture, or dissolution as  
23 provided by this act.

24 (3) To make contracts.

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

1       (5) To elect or appoint directors who shall appoint from  
2 their members a president who shall perform duties as may be  
3 designated by the board, and who shall serve as the chairperson  
4 of the board, unless the board designates another director to be  
5 chairperson in lieu of the president. The board shall appoint 1  
6 or more vice-presidents, a cashier, and other officers as the  
7 board considers necessary, who may or may not be members of the  
8 board, shall define their duties, shall dismiss the officers or  
9 any of them at pleasure, and shall appoint other officers to fill  
10 their places.

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

14       (7) To have and exercise the powers and means appropriate to  
15 effect the purpose for which the bank is incorporated.

16       (8) To make contributions and donations for the public wel-  
17 fare or for religious, charitable, scientific, or educational  
18 purposes, and, in connection with ~~such~~ THE contributions and  
19 donations, to establish and operate charitable trusts.

20       (9) To purchase, take, lease as lessee, or otherwise acquire  
21 and to own, hold, and use, to sell, lease as lessor, mortgage,  
22 pledge, grant a security interest in, convey, or otherwise dis-  
23 pose of real or personal property in connection with the exercise  
24 of a power granted in this act.

25       (10) To act as agent of the United States, or of an instru-  
26 mentality or agency of the United States, for the sale or issue  
27 of bonds, notes, or other obligations of the United States, or an



1 instrumentality or agency of the United States and to take other  
2 action as may be necessary or proper to enable the bank to act  
3 under this subdivision.

4       (11) To become a member of the federal reserve system, to  
5 hold shares of stock in a federal reserve bank, to take all  
6 actions incident to maintenance of its membership, and to exer-  
7 cise all powers, not inconsistent with the provisions of this  
8 act, conferred on member banks by the federal reserve act, CHAP-  
9 TER 6, 38 STAT. 251.

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

13       (13) To become a member of the federal home loan bank as  
14 defined in section 2 of the federal home loan bank act,  
15 chapter 522, 47 Stat. 725, 12 U.S.C. 1422, and to exercise those  
16 powers conferred upon a federal home loan bank member by the fed-  
17 eral home loan bank that are consistent with this act.

18       (14) To purchase the shares of stock of a small business  
19 investment company doing business in this state and licensed  
20 under, or established pursuant to, the federal small business  
21 investment act of 1958, Public Law 85-699, 72 Stat. 689, and to  
22 purchase shares of stock of a business and industrial development  
23 corporation established pursuant to the provisions of the  
24 Michigan BIDCO act, Act No. 89 of the Public Acts of 1986, being  
25 sections 487.1101 to 487.2001 of the Michigan Compiled Laws.

26       (15) To sell mortgage loans to the federal national mortgage  
27 association, or a successor of the association, and, in

1 connection with the association, to make payments of capital  
2 contributions, required pursuant to law, in the nature of sub-  
3 scriptions for stock of the association or a successor of the  
4 association, to receive stock evidencing the capital contribu-  
5 tions, and to hold or dispose of the stock.

6 (16) To conduct its business through subsidiaries, but a  
7 bank shall not acquire or hold for its own account shares of a  
8 bank or bank holding company, unless the shares are acquired as  
9 provided in subdivision (19). The commissioner may promulgate  
10 rules as he or she considers necessary to effectuate this subdi-  
11 vision and prevent evasions of this subdivision. For the purpose  
12 of this subdivision, "subsidiary" means a corporation of which at  
13 least 80% of the voting stock of the corporation is owned by  
14 state and national banks located in Michigan.

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

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

20 (19) To acquire and hold, irrespective of any restriction or  
21 limitation of this act, property, or a security interest in prop-  
22 erty, as protection against loss on an evidence of indebtedness,  
23 on an agreement for the payment of money, or on an investment  
24 security previously acquired lawfully and in good faith, subject  
25 to both of the following:

1 (a) A determination by a majority vote of its directors, at  
2 least once each year, as to the advisability of retaining the  
3 property or security interest so acquired.

4 (b) Disposition within a period of 60 months after the date  
5 of acquisition, or a longer period as the commissioner may  
6 approve.

7 (20) To hold property lawfully held on August 20, 1969,  
8 subject to the inclusion of the property in any computation of a  
9 limitation on the acquisition for holding of property of a like  
10 character under this act.

11 (21) To service loans for others and to receive a fee for  
12 the service.

13 (22) To purchase capital stock, bonds, debentures, or other  
14 obligations of a corporation created pursuant to the authority  
15 granted by sections 161 to 165, but subject to the limitations  
16 and conditions of those sections.

17 (23) To execute and deliver guarantees as may be incidental  
18 or usual in carrying on the business of a bank.


19 (24) To purchase, hold, and dispose of stock of the student  
20 loan marketing association established pursuant to section 439 of  
21 part B of title IV of the higher education act of 1965, Public  
22 Law 89-329, 20 U.S.C. ~~+807-2~~ 1087-2.

23 (25) To purchase open accounts, with or without recourse  
24 against the seller of an open account, which accounts need not  
25 represent an evidence of indebtedness, and including open  
26 accounts in connection with export transactions, when the

1 accounts are protected by insurance such as that provided by the  
2 foreign credit insurance association and the export-import bank.

3 (26) To purchase for its own account shares of stock issued  
4 by an agricultural credit corporation or a corporation organized  
5 solely for the purpose of making loans to farmers and ranchers  
6 for agricultural purposes, including the breeding, raising, fat-  
7 tening or marketing of livestock. Unless a bank owns at least  
8 80% of the stock of the corporation, the amount invested by the  
9 bank at any 1 time in the stock of the corporation shall not  
10 exceed 20% of the unimpaired capital and surplus of the bank.

11 (27) To make, arrange, participate in, purchase, or sell  
12 loans or extensions of credit secured by liens or interests in  
13 real estate or leaseholds.

14 (28) To purchase and hold for its own account any class of  
15 voting securities of a bank organized and chartered pursuant to  
16 section 54 or the national bank act, chapter 106, 13 Stat. 99,  
17 and engaged exclusively in providing services to depository  
18 institutions or their officers, directors, and employees, or a  
19 bank holding company that owns or controls a bank organized and  
20 chartered pursuant to section 54 or the national bank act,  
21 ~~chapter 106, 13 Stat. 99,~~ if the stock of a bank holding com-  
22 pany is owned exclusively, except to the extent directors' quali-  
23 fying shares are required by law, by depository institutions   
24 ~~as defined in section 54,~~ and if all subsidiaries of the company  
25 engage exclusively in serving depository institutions or their  
26 officers, directors, and employees. The amount of securities of

1 a bank or bank holding company held by an investing bank shall  
2 not exceed 20% of the capital and surplus of the investing bank.

3 (29) To purchase, hold, and dispose of mortgages, obliga-  
4 tions, or other securities that are or ever have been sold by the  
5 federal home loan mortgage corporation pursuant to sections 305  
6 and 306 of THE FEDERAL HOME LOAN MORTGAGE CORPORATION ACT, title  
7 III of THE EMERGENCY HOME FINANCE ACT OF 1970, Public Law 91-351,  
8 12 U.S.C. 1454 and 1455.

9 (30) To incur liabilities, borrow money, and issue its  
10 notes, bonds, and other obligations.

11 (31) TO ENTER INTO AGENCY RELATIONSHIPS WITH AFFILIATED  
12 DEPOSITORY INSTITUTIONS. A BANK OR AN AFFILIATED DEPOSITORY  
13 INSTITUTION IN ITS CAPACITY AS AN AGENT UNDER THIS SUBSECTION MAY  
14 DO ALL OF THE FOLLOWING:

15 (A) RECEIVE DEPOSITS.

16 (B) PERMIT WITHDRAWALS OF DEPOSITS.

17 (C) RENEW TIME DEPOSITS.

18 (D) CLOSE LOANS.

19 (E) SERVICE LOANS.

20 (F) RECEIVE LOAN PAYMENTS.

21 (G) ENGAGE IN ANY ACTIVITY SPECIFICALLY AUTHORIZED BY THIS  
22 ACT OR BY ORDER OR DECLARATORY RULING OF THE COMMISSIONER.

23 (32) ~~(31)~~ To exercise all incidental powers as shall be  
24 necessary to carry on the business of banking. In order to  
25 implement the provisions of this subdivision, the commissioner  
26 may promulgate rules pursuant to section 19, or issue declaratory  
27 rulings in accordance with the administrative procedures act of

1 1969, Act No. 306 of the Public Acts of 1969, being  
2 sections 24.201 to 24.328 of the Michigan Compiled Laws, or issue  
3 orders on applications by 1 or more banks to exercise powers not  
4 specifically authorized by this act. It is intended that this  
5 subdivision shall vest in the commissioner the discretion and  
6 authority to authorize banks to exercise the powers appropriate  
7 and necessary to compete with other depository financial institu-  
8 tions and other providers of financial services. In the exercise  
9 of the discretion permitted by this subdivision the commissioner  
10 shall consider the ability of banks to exercise any additional  
11 power in a safe and sound manner, the authority of national banks  
12 operating pursuant to federal law or regulation, the powers of  
13 other competing entities providing financial services in the  
14 banks' service area, and any specific limitations on bank powers  
15 contained in this act or in any other state law. On a quarterly  
16 basis, the commissioner shall give notice to all banks of rules  
17 promulgated or declaratory rulings or determinations issued pur-  
18 suant to this subdivision.

19 (33) AS AUTHORIZED BY ORDER OR DECLARATORY RULING OF THE  
20 COMMISSIONER, TO EXERCISE AT ITS BRANCH IN ANOTHER STATE SUCH  
21 POWERS CONSISTENT WITH THE SAFE AND SOUND CONDUCT OF THE BUSINESS  
22 OF BANKING GRANTED BY THE LAWS OF THE STATE WHERE THE BRANCH IS  
23 LOCATED.

24 (34) AS AUTHORIZED BY ORDER OR DECLARATORY RULING OF THE  
25 COMMISSIONER, TO EXERCISE SUCH FURTHER POWERS CONSISTENT WITH THE  
26 SAFE AND SOUND CONDUCT OF THE BUSINESS OF BANKING AS ARE GRANTED  
27 THE LAWS OF THE UNITED STATES TO NATIONAL BANKS.

1 (35) ~~(32)~~ To own and operate a messenger service or to own  
2 or invest in a corporation that operates a messenger service.

3 (36) ~~(33)~~ To engage in any aspect of the insurance and  
4 surety business as an agent, broker, solicitor, or insurance  
5 counselor as provided under the insurance code of 1956, Act  
6 No. 218 of the Public Acts of 1956, being sections 500.100 to  
7 500.8302 of the Michigan Compiled Laws.

8 (37) ~~(34)~~ To own an insurance agency in whole or in part  
9 as provided under Act No. 218 of the Public Acts of 1956.

10 Sec. 151h. (1) A bank may invest, IN AGGREGATE not more  
11 than 5% of the bank's total assets in ~~a~~ 1 OR MORE service  
12 ~~corporation~~ CORPORATIONS. An investment under this subsection  
13 ~~shall be~~ IS subject to limitations and approvals established by  
14 rules promulgated by the commissioner.

15 (2) As used in this section, "service corporation" means a  
16 corporation organized under the laws of ~~a~~ ANY state ~~which~~  
17 THAT engages in activities determined by the commissioner by  
18 order or rule to be incidental to the conduct of a banking busi-  
19 ness as provided in this act or activities ~~which~~ THAT further  
20 or facilitate the corporate purposes of a bank, or ~~which~~ THAT  
21 furnishes services to a bank, OUT-OF-STATE BANK, NATIONAL BANK,  
22 ASSOCIATION, OR SAVINGS BANK, or subsidiaries ~~of a bank~~ OR  
23 AFFILIATES THEREOF, the voting stock of which is owned directly  
24 or indirectly by 1 or more banks, ~~or national banking associa-~~  
25 ~~tions and is subject to the investment limitations set forth in~~  
26 ~~this section~~ OUT-OF-STATE BANKS, NATIONAL BANKS, ASSOCIATIONS,  
27 OR SAVINGS BANKS.

1       (3) To implement this section, the commissioner may  
2 promulgate rules pursuant to the administrative procedures act of  
3 1969, Act No. 306 of the Public Acts of 1969, being sections  
4 24.201 to 24.328 of the Michigan Compiled Laws. In the alterna-  
5 tive the commissioner may issue orders pursuant to section 30(3)  
6 to (10) on applications by 1 or more banks for a determination  
7 that a proposed activity is permitted by this section.

8 Notwithstanding subsection (2), the commissioner may not, by  
9 order or rule, determine that third party real estate brokerage  
10 services are incidental to the conduct of a banking business as  
11 provided in this act, except that the commissioner may, by order  
12 or rule, determine that real estate brokerage services provided  
13 to the bank or an affiliate or subsidiary of the bank for prop-  
14 erty owned by or in which the bank, subsidiary, or affiliate has  
15 an interest are incidental to the conduct of a banking business  
16 as provided in this act.

17       (4) The commissioner, on at least a quarterly basis, shall  
18 give notice to all banks of any rules, orders, or determinations  
19 issued pursuant to this section.

20       Sec. 161. (1) ~~Any~~ A bank possessing a capital and surplus  
21 of \$1,000,000.00 or more may file application with the commis-  
22 sioner for permission to exercise, upon ~~such~~ conditions and  
23 under such regulations as may be prescribed by the commissioner,  
24 the following powers:

25       (a) To establish branches in foreign countries ~~or dependen-~~  
26 ~~cies or insular possessions of the United States~~ for the



1 furtherance of foreign commerce of the United States and to act,  
2 if required to do so, as fiscal agents of the United States.

3 (b) To invest an amount not exceeding in the aggregate 10%  
4 of its paid in capital stock and surplus in the stock of 1 or  
5 more banking organizations or corporations chartered or incorpo-  
6 rated under the laws of the United States or of any state,  
7 ~~thereof~~ TERRITORY, OR PROTECTORATE OF THE UNITED STATES, and  
8 principally engaged in international or foreign banking, ~~or~~  
9 ~~banking in a dependency or insular possession of the United~~  
10 ~~States,~~ either directly or through the agency, ownership, or  
11 control of ~~local institutions in foreign countries or in such~~  
12 ~~dependencies or insular possessions~~ FOREIGN BANKS.

13 (c) To acquire and hold, directly or indirectly, stock or  
14 other evidences of ownership in 1 or more ~~banking organizations~~  
15 ~~organized under the law of a foreign country or a dependency or~~  
16 ~~insular possession of the United States and~~ FOREIGN BANKS THAT  
17 ARE not engaged, directly or indirectly, in any activity in the  
18 United States except as, in the judgment of the commissioner, is  
19 incidental to the international or foreign business of the  
20 ~~foreign banking organization,~~ FOREIGN BANK, and to make loans  
21 or extensions of credit to or for the account of ~~such banking~~  
22 ~~organization~~ THE FOREIGN BANK in the manner and within the  
23 limits prescribed by the commissioner by general or specific rule  
24 or ruling.

25 (2) ~~The applications~~ AN APPLICATION UNDER THIS SECTION  
26 shall specify the name and capital and surplus of the bank filing  
27 it, the powers applied for and the places where the banking

1 operations are to be carried on. The commissioner may approve or  
2 reject the application in whole or in part if for any reason the  
3 granting of the application is ~~deemed~~ CONSIDERED inexpedient  
4 and from time to time may increase or decrease the number of  
5 places where the banking operations may be carried on.

6       Sec. 169. (1) ~~Any~~ AN institution may become the owner or  
7 lessor of personal property acquired upon the specific request  
8 and for the use of a customer and may incur additional obliga-  
9 tions as may be incident to becoming an owner or lessor of such  
10 property.

11       (2) The lease transactions shall not constitute obligations  
12 for the purpose of sections 196 to 198 and lease payments shall  
13 constitute rent rather than interest.

14       (3) The provisions of this section shall not be ~~deemed~~  
15 CONSIDERED to exempt from general property taxation any personal  
16 property of ~~a state chartered or federally chartered bank or~~  
17 ~~trust company which~~ AN INSTITUTION OR NATIONAL BANK THAT is  
18 leased, loaned, or otherwise made available to and used by a pri-  
19 vate individual, association, or corporation in connection with a  
20 business conducted for profit. The personal property shall be  
21 subject to taxation in the same amount and to the same extent as  
22 though the lessee or user were the owner of the property. Taxes  
23 shall be assessed to ~~such~~ THE lessees or users of the property  
24 and collected in the same manner as taxes assessed to owners of  
25 personal property, except that the taxes shall not become a lien  
26 against the property. When due, the taxes shall constitute a

1 debt due from the lessee or user to the unit of government for  
2 which the taxes were assessed.

3       (4) Notwithstanding the restrictions under subsection (1),  
4 an institution may acquire and hold personal property, including  
5 equipment, for the purpose of leasing the property or obtaining  
6 an assignment of a lessor's interest in a lease of the property.  
7 An institution shall not acquire personal property under this  
8 ~~subsection~~ SECTION if the acquisition results in an inventory  
9 of personal property not leased in excess of 20% of the  
10 institution's capital and surplus.

11       Sec. 171. (1) With the written approval of the commission-  
12 er, a bank may establish and operate a branch or branches within  
13 ~~this state~~ THE UNITED STATES AND ITS TERRITORIES AND  
14 PROTECTORATES. The commissioner shall not grant approval unless  
15 the commissioner is satisfied as to the sufficiency of the capi-  
16 tal and surplus of the bank and the prospects of successful oper-  
17 ation if established.

18       (2) An application to establish a mobile branch shall con-  
19 tain a statement by the applying bank that it intends to move the  
20 location of the physical structure of the branch from time to  
21 time. A branch established pursuant to this subsection shall be  
22 considered a mobile branch from the date the branch is approved  
23 by the commissioner.

24       (3) A branch of ~~any~~ A bank, except for a mobile branch,  
25 shall not be moved from 1 location to another without the written  
26 approval of the commissioner. The commissioner shall not require

1 advance notice of or a schedule showing the location of a mobile  
2 branch.

3 (4) With the written approval of the commissioner, a bank  
4 may contract with ~~another bank or banks~~ 1 OR MORE BANKS,  
5 OUT-OF-STATE BANKS, NATIONAL BANKS, ASSOCIATIONS, OR SAVINGS  
6 BANKS to act as a branch to provide services to the customers of  
7 the contracting bank.

8 (5) WITH THE WRITTEN APPROVAL OF THE COMMISSIONER, 1 OR MORE  
9 OUT-OF-STATE BANKS, NATIONAL BANKS, ASSOCIATIONS, OR SAVINGS  
10 BANKS MAY CONTRACT WITH A BANK TO PROVIDE SERVICES TO THE CUSTOM-  
11 ERS OF THE CONTRACTING OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIA-  
12 TION, OR SAVINGS BANK.

13 (6) ~~-(5)-~~ Subject to the requirements, limitations, and  
14 restrictions of subsections (1) to (3), a state agency OR STATE  
15 FOREIGN BANK BRANCH established and operating pursuant to chapter  
16 3A may establish and operate additional offices in ~~this state~~  
17 THE UNITED STATES AND ITS TERRITORIES AND PROTECTORATES.

18 (7) AN OUT-OF-STATE BANK LOCATED IN A STATE, TERRITORY, OR  
19 PROTECTORATE OF THE UNITED STATES WHOSE LAWS PERMIT THE ESTAB-  
20 LISHMENT IN THAT STATE, TERRITORY, OR PROTECTORATE OF A BRANCH BY  
21 A BANK MAY ESTABLISH AND OPERATE 1 OR MORE BRANCHES IN THIS  
22 STATE.

23 (8) A FOREIGN BANK BRANCH THAT HAS DESIGNATED A HOME STATE  
24 OTHER THAN MICHIGAN MAY ESTABLISH AND OPERATE 1 OR MORE ADDI-  
25 TIONAL OFFICES IN THIS STATE.

26 Sec. 174. ~~Whenever any~~ IF A bank permanently discontinues  
27 the operations of any branch, ~~or branch facility,~~ all bills,

1 checks, and notes otherwise presentable for acceptance or  
 2 payment, all deposits to be made or withdrawn, all notices to  
 3 stop payment of checks to be given, and similar functions —  
 4 shall be deemed transferable to, and treated as a part of, the  
 5 principal office of the bank. Unless the branch to be discontin-  
 6 ued is a mobile branch, notice of the date upon which the branch  
 7 ~~or branch facility~~ shall discontinue operations shall be posted  
 8 conspicuously and continuously in the office lobbies of both the  
 9 ~~branch facility or~~ branch to be discontinued and the principal  
 10 office of the bank at least 14 days prior to discontinuance.

11       Sec. 181. (1) Upon application, the commissioner may grant  
 12 to any bank OR STATE FOREIGN BANK BRANCH full trust powers, as  
 13 provided in this section, but subject to the conditions, limita-  
 14 tions, and restrictions in this section and sections 181a to 186,  
 15 except that trust powers shall not be granted to a state agency  
 16 established and operating pursuant to chapter 3A.

17       (2) Upon approval of the application, the bank ~~shall have~~  
 18 OR STATE FOREIGN BANK BRANCH HAS the power to conduct a trust  
 19 business including, but not by way of limitation, THE FOLLOWING:

20       (a) In and by its corporate name to take, receive, hold,  
 21 repay, reconvey, and dispose of any effects and property, both  
 22 real and personal, ~~which~~ THAT may be granted, committed, trans-  
 23 ferred, or conveyed to it with its consent, upon any terms or  
 24 upon any trust at any time, by any person, including minors,  
 25 bodies corporate, or by any court, including the federal courts,  
 26 in the state, — and to administer, fulfill, and discharge the

1 duties of the trust for the remuneration as ~~may be~~ agreed  
2 upon.

3 (b) To act generally as agent for the transaction of  
4 business, ~~—~~ the management of estates, ~~—~~ the collection of  
5 rents, interest, dividends, and money, ~~—~~ AND the collection of  
6 principal and interest on mortgages, bonds, notes, and securities  
7 for money and to enforce the payment thereof, ~~—~~ and also to act  
8 as agent for the purpose of issuing, negotiating, registering,  
9 transferring, or countersigning the certificates of stock, bonds,  
10 or other obligations of any corporation, association, or munici-  
11 pality and to manage any sinking fund therefor on the terms as  
12 ~~may be~~ agreed upon.

13 (c) To accept and to execute the offices of personal repre-  
14 sentative, trustee, receiver, conservator, liquidating agent,  
15 assignee, or guardian of any minor, incompetent person, legally  
16 incapacitated person, or any person subject to guardianship,  
17 subject to the laws of this state applicable to those  
18 proceedings. In all cases when application is made to any court  
19 in this state for the appointment of any trustee, receiver, per-  
20 sonal representative, or guardian of any minor, incompetent  
21 person, legally incapacitated, or any other person subject to  
22 guardianship, the court may appoint the bank OR STATE FOREIGN  
23 BANK BRANCH, with its consent, to hold the office. The accounts  
24 of the bank OR STATE FOREIGN BANK BRANCH as trustee, receiver,  
25 conservator, liquidating agent, assignee, personal representa-  
26 tive, or guardian shall be regularly settled and adjusted by the  
27 proper office or tribunals. All proper, legal, usual, and

1 customary charges, costs, and expenses shall be allowed to the  
2 bank OR STATE FOREIGN BANK BRANCH for the care and management of  
3 the estate so committed to it. In case of appointment by any  
4 court, the bank OR STATE FOREIGN BANK BRANCH shall not be  
5 required to give any security except in the discretion of the  
6 court, other than as provided in section 184 for deposit with the  
7 state treasurer. If the court orders the bank OR STATE FOREIGN  
8 BANK BRANCH to give security, the security shall be a bond in an  
9 amount fixed by the court and with a surety company authorized to  
10 do business in this state as surety on the bond, or with personal  
11 surety or sureties on the bond satisfactory to the court. If any  
12 bank OR STATE FOREIGN BANK BRANCH is required, in the course of  
13 the administration of any trust, to give a bond, whether as addi-  
14 tional security, substituted security, or otherwise, the surety  
15 on the bond shall not be liable directly or indirectly for any  
16 act or default committed by the bank OR STATE FOREIGN BANK BRANCH  
17 prior to the date of the filing and approval of the bond, or for  
18 the failure of the bank OR STATE FOREIGN BANK BRANCH to pay over  
19 on final settlement if the failure to pay over is due to an act  
20 or default committed prior to the filing and approval of the  
21 bond, or for the failure of the bank OR STATE FOREIGN BANK BRANCH  
22 to collect from itself or from any prior surety or sureties the  
23 amount of any loss due to any act or default committed by the  
24 bank prior to the date of the filing and approval of the bond.

25 (d) To exercise by its board of directors or authorized  
26 officers or agents, subject to law, all incidental powers as are  
27 necessary to carry on a trust business.

1       Sec. 181a. (1) AS USED IN THIS SECTION:

2       (A) "HOST BANK" MEANS A BANK, NATIONAL BANK, ASSOCIATION, OR  
3 SAVINGS BANK FOR WHICH TRUST SERVICES ARE PROVIDED BY ANY OTHER  
4 BANK, OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION, OR SAVINGS  
5 BANK.

6       (B) "TRUST SERVICE PROVIDER" MEANS A BANK OR NATIONAL BANK  
7 PROVIDING TRUST SERVICES TO ANY OTHER BANK, OUT-OF-STATE BANK,  
8 NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK.

9       (C) "BANKING OFFICE" MEANS A MAIN OFFICE OR AUTHORIZED  
10 BRANCH OF A BANK, OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION,  
11 OR SAVINGS BANK.

12       (2) ~~-(1)-~~ A bank granted full trust powers may contract by  
13 written agreement with any other bank, ~~national banking associa-~~  
14 ~~tion, state or federal savings and loan association, federal sav-~~  
15 ~~ings bank, or domestic~~ OUT-OF-STATE BANK, NATIONAL BANK, ASSOCI-  
16 ATION, OR savings bank to carry on trust services in its name and  
17 for its account at 1 or more of the banking offices of the other  
18 bank, ~~national banking association, state or federal savings and~~  
19 ~~loan association, federal savings bank, or domestic~~ OUT-OF-STATE  
20 BANK, NATIONAL BANK, ASSOCIATION, OR savings bank.

21       (3) ~~-(2)-~~ A bank may ~~permit~~ CONTRACT by written agreement  
22 WITH any other bank, ~~or national banking association having its~~  
23 ~~principal office in this state and~~ OUT-OF-STATE BANK, NATIONAL  
24 BANK, ASSOCIATION, OR SAVINGS BANK exercising full trust powers  
25 to carry on trust services at 1 or more of its banking offices  
26 but in the name and for the account of the other bank, ~~or~~



1 ~~national banking association~~ OUT-OF-STATE BANK, NATIONAL BANK,  
2 ASSOCIATION, OR SAVINGS BANK.

3 (4) ~~(3)~~ An agreement provided for in this section, includ-  
4 ing any lease, or a modification or extension of an agreement,  
5 ~~shall~~ IS not ~~be~~ effective as to any bank until and unless it  
6 is approved in writing by the commissioner. The commissioner may  
7 approve or disapprove the agreement upon consideration of the  
8 sufficiency of the capital and surplus of the banks, OUT-OF-STATE  
9 BANKS, NATIONAL BANKS, ASSOCIATIONS, OR SAVINGS BANKS the need  
10 for trust services and other facts or circumstances ~~which~~ THAT  
11 the commissioner considers proper.

12 (5) ~~(4)~~ Thirty days after a host bank mails a notice of  
13 substitution as provided in subsection ~~(5)~~ (6), a trust service  
14 provider shall be substituted for a host bank as fiduciary or  
15 agent and succeed to the title of assets held by a host bank in a  
16 fiduciary capacity for each account in which the host bank, under  
17 the terms of a trust service agreement approved by the commis-  
18 sioner, will no longer serve as fiduciary or agent. ~~However, a~~  
19 A trust service provider shall not be substituted for the host  
20 bank for any account in which the recipient of a notice of sub-  
21 stitution with respect to that account objects to the substitu-  
22 tion in the manner provided in subsection ~~(5)~~ (6).

23 (6) ~~(5)~~ For each account in which a trust service provider  
24 ~~shall be~~ IS substituted for a host bank under the terms of a  
25 trust service agreement, a written notice of substitution shall  
26 be sent by the host bank by certified mail. The notice of  
27 substitution shall include the date the notice was mailed and

1 ~~shall~~ explain that the trust service provider will not be  
2 substituted for the host bank for ~~an~~ THE account if the recipi-  
3 ent of the notice ~~of substitution~~ sends a written objection ~~to~~  
4 ~~the substitution~~ to the host bank by first-class mail within 30  
5 days after the date the notice was mailed. The notice of substi-  
6 tution shall be sent to the following:

7 (a) For employee benefit plans, to the plan sponsors.

8 (b) For individual retirement accounts and retirement  
9 accounts for the self-employed, to the account owners.

10 (c) For agency and escrow accounts, to the principals.

11 (d) For securities for which a host bank serves as trustee,  
12 registrar, transfer agent, or paying agent, to the issuers.

13 (e) For revocable trusts under agreement, to the settlors.

14 (f) For irrevocable trusts under agreement, to any  
15 co-fiduciary, to the settlor, to each current income beneficiary  
16 who is an adult, and, if a current income beneficiary is a minor,  
17 to a parent of the minor with whom the minor resides or to the  
18 conservator or guardian of the minor. The notice to the settlor  
19 shall not grant to the settlor any authority over the trust or  
20 trustee ~~which~~ THAT the settlor does not already have, including  
21 the authority to object to the substitution of a trust service  
22 provider for a host bank. For purposes of this subdivision,  
23 "current income beneficiary" means a person currently entitled to  
24 income or a person to whom the trustee, in the trustee's discre-  
25 tion, may pay principal or income.

1 (g) For testamentary trusts, to the persons notified under  
2 subdivision (f) and to the probate court ~~which~~ THAT appointed  
3 the host bank as trustee.

4 (h) For conservatorships, to any co-fiduciary, to the pro-  
5 tected person for whom the conservatorship was created or, if the  
6 conservatorship was created for a minor, to a parent of the minor  
7 with whom the minor resides or to the guardian of the minor, and  
8 to the probate court ~~which~~ THAT appointed the host bank as  
9 conservator.

10 (i) For guardianships, to any co-fiduciary, to the minor or  
11 legally incapacitated person for whom the guardian was appointed  
12 if the ward is at least 14 years of age, and to the probate court  
13 ~~which~~ THAT appointed the host bank as guardian.

14 (j) For probate estates, to any co-fiduciary, to any inter-  
15 ested party as defined by section 7 of the revised probate code,  
16 Act No. 642 of the Public Acts of 1978, being section 700.7 of  
17 the Michigan Compiled Laws, and to the probate court ~~which~~ THAT  
18 appointed the host bank as personal representative.

19 ~~(6) As used in this section:~~

20 ~~(a) "Host bank" means a bank or national banking association~~  
21 ~~for which trust services are provided by any other bank or~~  
22 ~~national banking association.~~

23 ~~(b) "Trust service provider" means a bank or national bank-~~  
24 ~~ing association providing trust services to any other bank or~~  
25 ~~national banking association.~~

1 (7) Subsections ~~(4)~~ (1), (5), and (6) ~~shall~~ apply to  
2 trust service agreements in effect on or after ~~the effective~~  
3 ~~date of this subsection~~ DECEMBER 6, 1985.

4 Sec. 195. (1) A bank may accept drafts or bills of exchange  
5 drawn upon it having not more than 6 months' sight to run, exclu-  
6 sive of days of grace, if 1 or more of the following applies:

7 (a) The drafts or bills of exchange grow out of transactions  
8 involving the importation or exportation of goods.

9 (b) The drafts or bills of exchange grow out of transactions  
10 involving the domestic shipment or goods.

11 (c) The drafts or bills of exchange are secured at the time  
12 of acceptance by a warehouse receipt or other such document con-  
13 veying or securing title covering readily marketable staples.

14 (2) Except as provided in subsection (3), a bank shall not  
15 accept such bills, or be obligated for a participation share in  
16 such bills, in an amount equal at any time in the aggregate to  
17 more than 150% of its paid up and unimpaired capital stock and  
18 surplus.

19 (3) The commissioner, under ~~such~~ conditions as the commis-  
20 sioner may prescribe, may authorize ~~—~~ by regulation or order  
21 ~~—~~ any bank to accept such bills, or be obligated for a partici-  
22 pation share in such bills, in an amount not exceeding at any  
23 time in the aggregate 200% of its paid up and unimpaired capital  
24 stock and surplus.

25 (4) Notwithstanding subsections (2) and (3), with respect to  
26 any bank, the aggregate acceptances, including obligations for a  
27 participation share in such acceptances, growing out of domestic

1 transactions shall not exceed 50% of the aggregate of all  
2 acceptances, including obligations for a participation share in  
3 such acceptances, authorized for ~~such~~ THE bank under this  
4 section.

5 (5) A bank shall not accept bills, or be obligated for a  
6 participation share in such bills, whether in a foreign or domes-  
7 tic transaction, for any 1 person, partnership, corporation,  
8 association, or other entity in an amount equal at any time in  
9 the aggregate to more than 10% of its paid up and unimpaired cap-  
10 ital stock and surplus, unless the bank is secured either by  
11 attached documents or by some other actual security growing out  
12 of the same transaction as the acceptance.

13 (6) With respect to a bank ~~which~~ THAT issues an accep-  
14 tance, the limitations contained in this section shall not apply  
15 to that portion of an acceptance ~~which~~ THAT is issued by ~~such~~  
16 THE bank and ~~which~~ THAT is covered by a participation agreement  
17 sold to another bank, OUT-OF-STATE BANK, OR NATIONAL BANK.

18 (7) In order to carry out the purposes of this section, the  
19 commissioner may define any of the terms used in this section.

20 Sec. 197. The following loans and extensions of credit  
21 shall not be subject under sections 196 to 198 to a limitation  
22 based upon the capital and surplus:

23 (a) A loan or extension of credit arising from the discount  
24 of commercial or business paper evidencing an obligation to the  
25 person negotiating it with recourse.

1 (b) The purchase of banker's acceptances of another bank of  
2 the kind described in paragraph 7 of section 13 of the federal  
3 reserve act, chapter 6, 38 Stat. 251.

4 (c) A loan or extension of credit to a financial institution  
5 or to a receiver, conservator, or any other agent or supervising  
6 authority in charge of the business and property of the financial  
7 institution, when the loan or extension of credit is approved by  
8 the commissioner.

9 (d) A loan or extension of credit to a customer, secured or  
10 covered by guarantees or by commitments or agreements to take  
11 over or to purchase the loan or extension of credit, made by a  
12 federal reserve bank or by the United States, or a department,  
13 bureau, board, commission, or establishment of the United States,  
14 including a corporation wholly owned directly or indirectly by  
15 the United States.

16 (e) A loan or extension of credit from 1 business day to the  
17 next to a ~~state bank or national banking association~~ BANK,  
18 OUT-OF-STATE BANK, NATIONAL BANK, ASSOCIATION, OR SAVINGS BANK of  
19 excess reserve balances from time to time maintained under sec-  
20 tion 19 of the federal reserve act, chapter 6, 38 Stat. 251.

21 (f) A loan or extension of credit secured by bonds, notes,  
22 certificates of indebtedness, or treasury bills of the United  
23 States or by other obligations fully guaranteed as to principal  
24 and interest by the United States.

25 (g) A loan or extension of credit secured by a loan agree-  
26 ment between a local public agency or a public housing agency and  
27 an instrumentality of the United States pursuant to federal

1 housing legislation under which funds will be provided for  
 2 payment of the obligation secured by the loan agreement.

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

5 (i) A loan or extension of credit to the student loan mar-  
 6 keting association.

7 (j) A loan or extension of credit fully secured by a segre-  
 8 gated deposit account in the lending bank.

9 (k) A loan or extension of credit arising from the accep-  
 10 tance by a bank of drafts or bills of exchange drawn upon the  
 11 bank, or a bank's participation in drafts or bills of exchange  
 12 drawn upon and accepted by another bank, OUT-OF-STATE BANK, OR  
 13 NATIONAL BANK in conformity with section 195.

14 Sec. 292. The use of the word "bank", "banker", or  
 15 "banking" or in any foreign language words of similar meaning as  
 16 a designation or name, or part of a designation or name under  
 17 which business is or may be conducted in this state, is  
 18 restricted to a national ~~banking association~~ BANK, a bank  
 19 subject to the provisions of this act, OUT-OF-STATE BANK, a bank  
 20 holding company registered as such under the provisions of the  
 21 federal bank holding company act of 1956, ~~as amended,~~ CHAPTER  
 22 240, 70 STAT. 133, a foreign bank agency, ~~or to a banking insti-~~  
 23 ~~tution or banking corporation formed under the laws of any other~~  
 24 ~~state, which~~ A FOREIGN BANK BRANCH, A SAVINGS AND LOAN HOLDING  
 25 COMPANY AS DEFINED IN 12 C.F.R. 583.20, OR A SAVINGS BANK THAT is  
 26 LAWFULLY conducting business in this state, unless that

1 designation or name, taken as a whole, would not imply a banking  
2 business.

3       Section 2. Sections 127, 172, and 173 of Act No. 319 of the  
4 Public Acts of 1969, being sections 487.427, 487.472, and 487.473  
5 of the Michigan Compiled Laws, are repealed.

6       Section 3. Section 130b of Act No. 319 of the Public Acts  
7 of 1969, being sections 487.430b of the Michigan Compiled Laws,  
8 is repealed effective September 29, 1995.