

HOUSE BILL No. 5414

February 22, 2000, Introduced by Reps. Koetje, Law, Shulman, Sanborn, Kukuk, LaSata, Baird, Minore, Schermesser, Voorhees, Hart, Richner, Switalski and Faunce and referred to the Committee on Family and Civil Law.

A bill to amend 1996 PA 354, entitled
"Savings bank act,"
by amending section 501 (MCL 487.3501).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 501. (1) A stock savings bank whose capital, in the
2 opinion of the commissioner, has become impaired by losses or
3 otherwise, within 2 months after receiving notice of impairment
4 from the commissioner, shall correct the deficiency in ~~the~~ ITS
5 capital by an assessment upon the shareholders pro rata on the
6 amount of capital stock held by each. If a stock savings bank
7 fails to restore its capital within 2 months after receiving
8 notice from the commissioner or, within the same period, fails to
9 take steps to liquidate its business and affairs, a receiver may
10 be appointed for the savings bank under this act. The
11 commissioner, in his or her discretion, may grant extensions of

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1 time as he or she considers advisable in order to allow the
2 savings bank to meet the deficiency in ~~the~~ ITS capital.

3 (2) If any part of the capital of a savings bank consists of
4 preferred stock, the determination of whether or not the capital
5 of the savings bank is impaired and the amount of impairment
6 shall be based upon the par value of its stock even ~~though~~ IF
7 the amount ~~which~~ THAT the holders of the preferred stock ~~shall~~
8 ~~be~~ ARE entitled to receive in the event of retirement or liqui-
9 dation ~~shall be~~ IS in excess of the par value of the preferred
10 stock.

11 (3) The directors of a savings bank whose capital has become
12 impaired by losses or otherwise shall levy within the 2 month
13 period an assessment upon the stock of the savings bank to repair
14 the deficiency, and give notice of the action of the commissioner
15 and the amount of the assessment that each shareholder must pay
16 for the purpose of making good the deficiency to each shareholder
17 by written notice personally served or mailed to the shareholder
18 at his or her last known address as IT appears ~~from~~ IN the
19 records of the savings bank.

20 (4) If the assessment is levied by the directors and a
21 shareholder refuses or neglects to pay the assessment under this
22 section within 30 days from the date of the notice of the amount
23 to be paid, the directors of the savings bank shall sell the
24 stock of the shareholder to the highest bidder at either public
25 or private sale in the manner provided for the disposition of
26 collateral under section ~~9504~~ 9610 of the uniform commercial
27 code, ~~Act No. 174 of the Public Acts of 1962, being section~~

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1 ~~440.9504 of the Michigan Compiled Laws~~ 1962 PA 174, MCL

2 440.9610.

3 (5) A sale of stock under this section shall effect an abso-
4 lute cancellation of the outstanding certificates evidencing the
5 stock sold and make the certificates null and void and new cer-
6 tificates shall be issued by the savings bank to the ~~new~~ pur-
7 chaser OF THE STOCK. Out of the proceeds of the stocks sold, the
8 directors shall pay the necessary costs of sale and the amount of
9 assessment levied on the stocks and any remaining balance shall
10 be paid to the person whose stock has been sold.

11 (6) The holders of preferred stock ~~shall not be~~ ARE NOT
12 liable for assessments to restore impairment in the capital of a
13 savings bank.

 [Enacting section 1. This amendatory act takes effect July 1,
2001.]

14 Enacting section [2]. This amendatory act does not take
15 effect unless House Bill No. 5228 of the 90th Legislature is
16 enacted into law.