

HOUSE BILL NO. 5493

A bill to amend 1996 PA 354, entitled  
"Savings bank act,"  
by amending section 422 (MCL 487.3422).

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

1       Sec. 422. (1) As used in this section:

2       (a) "Banking office" means a main office or authorized  
3 branch of a bank, out-of-state bank, national bank, association,  
4 or savings bank.

5       (b) "Host savings bank" means a bank, national bank, associ-  
6 ation, or savings bank for which trust services are provided by  
7 any other bank, out-of-state bank, national bank, association, or  
8 savings bank.

9       (c) "Trust service provider" means a savings bank providing  
10 trust services to any other bank, out-of-state bank, national  
11 bank, association, or savings bank.

1       (2) A savings bank granted full trust powers may contract by  
2 written agreement with any bank, out-of-state bank, national  
3 bank, association, or other savings bank to carry on trust serv-  
4 ices in its name and for its account at 1 or more of the banking  
5 offices of the bank, out-of-state bank, national bank, associa-  
6 tion, or other savings bank.

7       (3) A savings bank may contract by written agreement with  
8 any bank, out-of-state bank, national bank, association, or other  
9 savings bank exercising full trust powers to carry on trust serv-  
10 ices at 1 or more of its banking offices but in the name and for  
11 the account of the bank, out-of-state bank, national bank, asso-  
12 ciation, or other savings bank.

13       (4) An agreement provided for in this section, including a  
14 lease, or a modification or extension of an agreement, is not  
15 effective as to any savings bank until it is approved in writing  
16 by the commissioner. The commissioner may approve the agreement  
17 upon consideration of the sufficiency of the capital and surplus  
18 of the banks, out-of-state banks, national banks, associations,  
19 or savings banks, the need for trust services, and other facts or  
20 circumstances that the commissioner considers proper.

21       (5) Thirty days after a host savings bank mails a notice of  
22 substitution as provided in subsection (6), a trust service pro-  
23 vider shall be substituted for a host savings bank as fiduciary  
24 or agent and succeed to the title of assets held by a host sav-  
25 ings bank in a fiduciary capacity for each account in which the  
26 host savings bank, under the terms of a trust service agreement  
27 approved by the commissioner, will no longer serve as fiduciary

1 or agent. A trust service provider shall not be substituted for  
2 the host savings bank for an account in which the recipient of a  
3 notice of substitution with respect to that account objects to  
4 the substitution under subsection (6).

5 (6) For an account in which a trust service provider is sub-  
6 stituted for a host savings bank under the terms of a trust serv-  
7 ice agreement, THE HOST SAVINGS BANK SHALL SEND a written notice  
8 of substitution ~~shall be sent by the host savings bank~~ by cer-  
9 tified mail. The notice of substitution shall include the date  
10 the notice was mailed and explain that the trust service provider  
11 will not be substituted for the host savings bank for the account  
12 if the recipient of the notice sends a written objection to the  
13 host savings bank by first-class mail within 30 days after the  
14 date the notice was mailed. The HOST SAVINGS BANK SHALL SEND THE  
15 notice of substitution ~~shall be sent~~ to all of the following:

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

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

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

20 (d) For securities for which a host savings bank serves as  
21 trustee, registrar, transfer agent, or paying agent, to the  
22 issuers.

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

24 (f) For irrevocable trusts under agreement, to any  
25 co-fiduciary, to the settlor, to each current income beneficiary  
26 who is an adult, and, if a current income beneficiary is a minor,  
27 to a parent of the minor with whom the minor resides or to the

1 conservator or guardian of the minor. The notice to the settlor  
2 shall not grant to the settlor any authority over the trust or  
3 trustee that the settlor did not have before the notice, includ-  
4 ing the authority to object to the substitution of a trust serv-  
5 ice provider for a host savings bank. For purposes of this sub-  
6 division, "current income beneficiary" means a person currently  
7 entitled to income or a person to whom the trustee, in the  
8 trustee's discretion, may pay principal or income.

9 (g) For testamentary trusts, to the persons notified under  
10 subdivision (f) and to the probate court that appointed the host  
11 savings bank as trustee.

12 (h) For conservatorships, to any co-fiduciary, to the pro-  
13 tected person for whom the conservatorship was created or, if the  
14 conservatorship was created for a minor, to a parent of the minor  
15 with whom the minor resides or to the guardian of the minor, and  
16 to the probate court that appointed the host savings bank as  
17 conservator.

18 (i) For guardianships, to any co-fiduciary, to the minor or  
19 legally incapacitated person for whom the guardian was appointed  
20 if the ward is at least 14 years of age, and to the probate court  
21 that appointed the host savings bank as guardian.

22 (j) For probate estates, to any co-fiduciary, to any inter-  
23 ested [party PERSON] as defined by section ~~7 of the revised probate~~  
~~code,~~

24 ~~Act No. 642 of the Public Acts of 1978, being section 700.7 of~~  
25 ~~the Michigan Compiled Laws~~ 1105 OF THE ESTATES AND PROTECTED  
26 INDIVIDUALS CODE, 1998 PA 386, MCL 700.1105, and to the probate

1 court that appointed the host savings bank as personal  
2 representative.

3 (7) Subsections (1), (5), and (6) apply to trust service  
4 agreements in effect on or after ~~the effective date of this act~~  
5 JULY 1, 1996.

6 Enacting section 1. This amendatory act takes effect April  
7 1, 2000.