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MUTUAL SAVINGS BANK REORGANIZATION

House Bill 5152

Sponsor: Rep. Alan Sanborn

**Committee: Insurance and Financial
Services**

Complete to 10-23-01

A SUMMARY OF HOUSE BILL 5152 AS INTRODUCED 10-9-01

The bill would amend the Savings Bank Act (MCL 487.3706a) to allow an existing mutual savings bank to reorganize as a mutual holding company or subsidiary holding company. Only mutual savings banks engaged in the savings bank business before reorganization would have this option. In addition, the following conditions would have to be met:

- The reorganization plan would have to comply with mutual holding company laws as established by the Office of Thrift Supervision (OTS) within the U.S. Department of Treasury. The plan would also have to be approved by OTS, and OTS would have to grant a federal charter to the newly created mutual holding company. (A “mutual holding company” is defined under the federal Home Owner’s Loan Act, 12 U.S.C. 1467a and in OTS regulations.)
- The state Office of Financial and Insurance Services (OFIS) would have to approve the plan.
- The existing mutual savings bank’s board of directors would have to approve the plan at a meeting called in accordance with the bank’s articles of incorporation and bylaws.
- A majority of the members of the existing mutual savings bank would have to approve the plan after a membership meeting was called in accordance with the bank’s articles of incorporation and bylaws.

The bill would also allow a person (an individual, corporation, limited liability company, governmental entity, partnership, limited liability partnership, or other legal entity) to organize and incorporate as the incorporator any new savings bank subsidiary of the existing mutual savings bank. If the new savings bank were organized for the sole purpose of effecting a reorganization plan in accordance with the bill, the new savings bank subsidiary would have to have its principal office in the same city or village as the principal office of the existing mutual savings bank. (A “new savings bank” would mean a bank that was not engaged in the savings bank business before the reorganization provided in the bill.)

Additionally, the assets, liabilities, and banking business of the existing mutual savings bank could not be transferred to any new savings bank subsidiary under the reorganization plan until the OFIS approved a charter for the subsidiary to operate as a savings bank. Further, if a

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subsidiary charter applicant represented, and the OFIS commissioner believed, that the subsidiary would conduct substantially the same banking business as the existing mutual savings bank, then the OFIS would have to approve the application unless the OFIS determined in writing that the application did not meet the act's requirements for a savings bank.

Analyst: S. Stutzky

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.