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SFA**BILL ANALYSIS**

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House Bill 5152 (Substitute H-1 as passed by the House)
Sponsor: Representative Alan Sanborn
House Committee: Insurance and Financial Services
Senate Committee: Banking and Financial Institutions

Date Completed: 4-10-02

CONTENT

The bill would amend the Savings Bank Act to allow an "existing mutual savings bank" (a mutual savings bank engaged in the savings bank business before reorganization) to reorganize as a mutual holding company if all of the following requirements were met:

- The reorganization plan complied in all respects with Office of Thrift Supervision (OTS) mutual holding company laws and received OTS approval; and the OTS granted a Federal charter to the newly created mutual holding company.
- The reorganization plan received the approval of the Office of Financial and Insurance Services (OFIS).
- The board of directors of the existing mutual savings bank had approved the plan of reorganization at a meeting called pursuant to the bank's articles of incorporation and bylaws.
- A majority of the total votes of the members of the existing mutual savings bank eligible to be cast had approved the plan of reorganization after a membership meeting called pursuant to the bank's articles of incorporation and bylaws.

(The Office of Thrift Supervision is within the U.S. Department of Treasury. The Office of Financial and Insurance Services is in the Michigan Department of Consumer and Industry Services. "Mutual holding company" would mean that term as defined in the Federal Home Owners' Act and OTS regulations.)

The bill also would allow a person (an individual or legal entity), as provided in Section 301, to organize and incorporate any new savings bank subsidiary of the existing mutual savings bank, if the "new savings bank" (a savings bank not engaged in the savings bank business before the reorganization) were organized for the sole purpose of effecting a reorganization plan under 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. (Section 301 allows one or more persons to form a corporation for the purpose of conducting a savings bank business.)

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

Further, unless OFIS determined in writing that the subsidiary charter application did not meet the requirements for a savings bank, OFIS would have to approve the subsidiary's charter application if the applicant represented, and the OFIS Commissioner believed, that the

subsidiary would conduct substantially the same banking business as the existing mutual savings bank.

Proposed MCL 487.3706a

Legislative Analyst: Nobuko Nagata

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Pratt