

SAVINGS BANK ACT (EXCERPT)
Act 354 of 1996

487.3307 Required capital; applicability of section to consolidated organization; authorization of stock savings bank or mutual savings bank to commence business; total capital; maintenance of surplus amount.

Sec. 307. (1) A stock savings bank organized under this act shall have capital in an amount as the commissioner considers adequate.

(2) This section does not apply if the new stock savings bank is organized under section 706 for the sole purpose of effecting its consolidation or merger with an existing bank or association having its principal office in the same city or village as the new stock savings bank and if upon completion of the consolidation or merger a bank holding company becomes the owner of all of the outstanding voting shares of the consolidated organization. This section does apply to the consolidated organization.

(3) A stock savings bank shall not be authorized to commence business until it has surplus of at least 20% of its capital.

(4) A mutual savings bank shall not be authorized to commence business until:

(a) An aggregate minimum dollar amount and number of savings accounts shall be subscribed for and paid in cash, as determined by the commissioner.

(b) The commissioner shall have received confirmation from the federal deposit insurance corporation that the accounts of the mutual savings bank will be insured by the federal deposit insurance corporation.

(5) After organization each savings bank shall maintain adequate total capital for the conduct of its business and the protection of its depositors. The total capital of a savings bank shall be analyzed and appraised in relation to the character of its management, the liquidity of assets, history of earnings and of the retention of earnings, the potential volatility of the deposit structure, its risk management, and the savings bank's capacity to furnish the broadest service to the public.

(6) At all times a stock savings bank shall maintain surplus in an amount which is equal to at least the amount of its capital, except as provided in subsection (3) as to the initial surplus and except as provided in section 316 and shall not reduce surplus without the approval of the commissioner.

History: 1996, Act 354, Imd. Eff. July 1, 1996;—Am. 2000, Act 482, Imd. Eff. Jan. 11, 2001.