

SAVINGS AND LOAN ACT OF 1980 (EXCERPT)
Act 307 of 1980

491.902 Convertible shares or securities; issuance; approval; increasing shares to satisfy conversion privileges; reservation of unissued shares; consideration; cancellation of converted shares; reduction of shares.

Sec. 902. (1) If the articles of incorporation provide, and subject to restrictions in this act, a stock association may issue shares convertible at the option of the holder or the association or upon the happening of a specified event into shares of the same or any other class. Authorized shares, issued or unissued, may be made convertible within a period and upon the terms and conditions which are specified by the articles of incorporation.

(2) Members' approval for the issuance of convertible shares or convertible securities authorized by section 516 may provide that the board may amend the articles of incorporation to increase the authorized shares of any class to a number sufficient to satisfy the conversion privileges of the shares or other securities after giving effect to their issuance and any previously authorized but unissued shares of the class.

(3) Convertible shares of a stock association shall not be issued unless a sufficient number of authorized but unissued shares of the appropriate class are reserved by the board to be issued only in satisfaction of the conversion privileges of the convertible shares when issued, or the aggregate conversion privileges of the convertible shares when issued do not exceed the aggregate of any shares reserved by the board of the association and any additional shares which may be authorized by the board under this section.

(4) The consideration for shares issued upon the exercise of a conversion privilege shall be that provided in section 914. Shares which have been converted shall be canceled and the number of authorized shares of the stock association shall be reduced accordingly.

History: 1980, Act 307, Eff. Jan. 1, 1981.