

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

ARTICLE 3

**491.300 Application for permission to organize association; organization expenses; organizers and their appointment of agent; application as public document.**

Sec. 300. Seven or more resident citizens of this state may file with the supervisor an application for permission to organize an association under this act. The application shall be executed by all organizers on forms approved by the supervisor, and shall be accompanied by the filing fee prescribed by this act. The application shall set forth the name and location of the proposed association; the name, residence address, and present principal occupation of each organizer; information regarding each organizer's financial responsibility and the nature and extent of any present or prior affiliation with financial institutions; an estimate of the dollar amount of organizational expenses expected to be incurred before commencement of the association's business; and any other information as the supervisor shall require. The organizers shall appoint 1 of their number to serve as their agent for the purpose of receiving communications from the supervisor. An application filed with the supervisor is a public document and shall be available for inspection at the supervisor's office pursuant to Act No. 442 of the Public Acts of 1976, as amended, being sections 15.231 to 15.246 of the Michigan Compiled Laws, except that information concerning personal financial data of the organizers shall be treated confidentially by the supervisor.

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

**491.300a Organization of branch by foreign association; proof of federal insurance on deposits; determination of compliance; certificate of organization and eligibility to accept deposits and investments of public funds.**

Sec. 300a. (1) A foreign association may apply to organize a branch in this state under this act by providing to the supervisor proof that its deposits are insured by an agency of the United States government.

(2) If the supervisor determines after receipt of the proof required under subsection (1) that the foreign association is safe and sound, that the foreign association is subject to regulation, that there exists an agreement for exchange of supervisory information between the bureau and the foreign association's regulator, and that the foreign association has otherwise complied with this act, the supervisor shall provide to the foreign association a certificate of organization and eligibility to accept deposits and investments of public funds of the state and local units of government.

**History:** Add. 1997, Act 51, Imd. Eff. June 30, 1997.

**491.302 Notice of application; written objections; supplemental data; examination and investigation; hearing oral argument; decision.**

Sec. 302. Within 10 days after receipt of the application for permission to organize an association, the supervisor shall send notice by mail to the principal office of each association and each federal association. A person to whom notice is sent may file with the supervisor written objections to the application which, if received in the supervisor's office within 15 days after the date notice is sent, shall become a part of the application file. Upon written request from the person filing objections, the supervisor may grant an additional 15 days for the submission of supplemental data in support of an objection which has been timely filed. The supervisor shall make an examination and investigation concerning the application to the extent considered necessary and advisable and as the circumstances require. The supervisor may receive additional information from the applicants, an interested party, or from other sources. Oral argument on an application shall be heard within 60 days after receipt of an application, at the discretion of the supervisor or at the written request of the applicant or a person timely filing objections to an application. The supervisor shall announce a decision concerning the application within 90 days after receipt of the application unless oral argument is held, in which case the decision shall be announced within 60 days after completion of an oral argument. The supervisor shall file in the supervisor's office a written memorandum stating the reasons supporting the decision, which memorandum shall be available for public inspection. The conduct of the oral argument shall not be subject to Act No. 306 of the Public Acts of 1969, as amended.

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

**491.304 Approval of application; criteria.**

Sec. 304. If it appears to the supervisor that the conditions prevailing in the area where the association proposes to transact business afford a reasonable probability of success, that there is a need for the proposed association, that the character, responsibility, and general fitness of the organizers will command the

confidence of the community in which the association is to be located and warrant a belief that the business of the association will be honestly and efficiently conducted, that the name proposed for the association conforms with the requirements of this act, and that the public interest will be served by establishment of the association, the supervisor shall approve the application.

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

#### **491.306 Approval of application; notice; authorization to proceed; conditions of approval.**

Sec. 306. (1) When an application to organize an association is approved, the supervisor shall promptly advise the organizers of the approval of their application and shall authorize them to proceed to incorporate by complying with this act and by satisfying those conditions of approval determined by the supervisor to be consistent with this act and appropriate to reasonably assure initial successful organization of the association, the safety and soundness of its operations, and the protection of the public interest.

(2) The conditions of the supervisor's approval of the application shall include the following:

(a) That a minimum amount specified by the supervisor shall be paid to an organizational expense fund in cash by the organizers, within 30 days after the approval to guarantee payment of all organizational expenses incurred or expected to be incurred.

(b) In the case of a mutual association, that an aggregate minimum dollar amount and number of savings accounts shall be subscribed for and paid in cash.

(c) In the case of a stock association, that a satisfactory plan shall be adopted and filed with the supervisor to provide for the offering of, subscription for, and payment of minimum dollar amounts of stated capital, and capital in excess of par, necessary to permit the commencement of operations.

(d) That the savings deposits of the association shall be insured by the federal savings and loan insurance corporation.

(e) That satisfactory provision shall be made for fair and equitable policies and procedures governing lending operations, for adequate physical facilities in which to conduct operations and secure records and assets, for adequate staff personnel, and for an adequate accounting system to serve record keeping and reporting functions.

**History:** 1980, Act 307, Eff. Jan. 1, 1981;—Am. 1987, Act 106, Imd. Eff. July 7, 1987.

#### **491.308 Articles of incorporation; execution; filing; commencement of existence; expiration of approval.**

Sec. 308. Within 60 days after receipt of approval of an application to organize an association, the organizers shall execute and file with the supervisor the required number of copies of articles of incorporation conforming to this act and the approval order. If approved, the supervisor shall file 1 copy of the articles of incorporation in the supervisor's office, and shall return 1 authenticated copy to the association together with a certificate of charter. The corporate existence of the association shall commence at the time of filing of the articles of incorporation as provided in section 208, which existence shall be perpetual unless terminated under this act. If the organizers of the proposed association do not file articles of incorporation within 60 days after the date of the supervisor's approval, the approval shall expire and become void, unless a written request for extension is approved by the supervisor.

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

#### **491.310 Articles of incorporation; contents.**

Sec. 310. The articles of incorporation shall be signed and dated by each of the organizers, and shall set forth all of the following:

(a) The name of the association and location of the association's principal office of business.

(b) A statement that the association is organized for the purpose of conducting a savings and loan business as authorized by this act.

(c) A statement that the association is organized as a mutual association or as a stock association, and, if the association is to be a stock association, the number of shares of all classes of stock which the association has authority to issue, the par value of each share of each class, and a statement of the designations, powers, preferences, and rights of each class, and any qualifications, limitations, or restrictions on each class.

(d) The number of directors of the association, which shall be not less than 7, and the names of organizers who shall serve as initial directors until the first annual meeting of members of the association.

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

#### **491.312 Surety bond; notice of payments from organizational expense fund; approval of payments; repayment of contributions and approved payments; repayment in case of**

**liquidation; account of disbursements; restoration of improper expenditures.**

Sec. 312. Within 30 days after commencement of corporate existence, or within a longer time not to exceed 1 year as approved by the supervisor, the initial directors of an association shall secure a surety bond, in a form and from a surety company acceptable to the supervisor, bonding the officers of the association in an amount at least equal to the amount of minimum established savings accounts or stock subscriptions plus the organizational expense fund. Notice shall be provided to the supervisor by the treasurer of the association when all payments have been received and a detailed record shall be maintained showing the recipients, the amounts received, and the purpose for payment of all payments made from the organizational expense fund. An organization expense shall not be paid out of any other funds of the association without prior approval by the supervisor of a written request to make the payments. Contributions to the organizational expense fund and approved payments made to defray organization expenses in excess of the fund may be repaid pro rata from the net earnings of an association, after provision for all reserves and payment of interest on savings accounts, over a period of time approved by the supervisor. In case of the liquidation of an association before contributions to the organizational expense fund have been repaid, any contributions remaining unexpended after the payment of expenses of liquidation, all creditors, and the withdrawal value of all savings accounts, shall be repaid to the contributors pro rata. The supervisor may require an account of disbursements from the organizational expense fund, and may order restoration of amounts expended for improper purposes.

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

**491.314 Organizational meeting; adoption of bylaws; appointment of officers; establishment of association; approval of bylaws.**

Sec. 314. Within 30 days after commencement of corporate existence, or within a longer time not to exceed 1 year as approved by the supervisor, the initial directors of an association shall hold an organizational meeting at which they shall adopt bylaws for the association for the regulation and management of the association's business, appoint a president, secretary, treasurer, and other officers as are necessary, and shall authorize the officers of the association to take all required action incidental or reasonably necessary to establish the association and be authorized to commence business. The bylaws adopted by the initial directors of the association shall be submitted to the supervisor for approval before the issuance of a certificate of authority to commence operations.

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

**491.316 Certificate of authority to commence operations; issuance; prerequisites; notice.**

Sec. 316. A certificate of authority to commence operations shall be issued by the supervisor when an association has secured insurance of the association's savings accounts, has fulfilled the conditions of approval to the satisfaction of the supervisor, and has furnished evidence of compliance with the applicable provisions of this act. Upon receipt of a certificate of authority to commence operations, the association shall promptly notify the supervisor of the date the association will open for business, after which the association may conduct a savings and loan business as provided in this act.

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

**491.318 Failure of association to commence operations; forfeiture of existence; time extension; refunds to depositors and stock subscribers.**

Sec. 318. An association which does not commence operations within 6 months after authority is granted as provided in section 316 shall forfeit its association existence and its articles of incorporation shall become null and void, except that upon written application stating the reasons, the supervisor may extend the time within which the association shall commence business. Upon forfeiture, all action taken in connection with the organization of the association, except payment of fees to the supervisor, shall become null and void. Amounts paid in and credited to the accounts of the depositors in savings accounts or to the accounts of subscribers for capital stock shall be returned to those persons.

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

**491.320 Name of association; requirements; prohibitions.**

Sec. 320. The name of each association shall include the term "savings and loan association", "savings association", or "savings bank". This term shall be preceded by appropriate descriptive words approved by the supervisor. An ordinal number shall not be used as a single descriptive word preceding the words "savings and loan association", "savings association", or "savings bank", unless the words are followed by words designating the name of the city, village, township, county, or geographical region in which the association has its principal office. An ordinal number may be used together with another descriptive word preceding the

words “savings and loan association”, “savings association”, or “savings bank”, if the other descriptive word has not been used in the corporate name of any other association or bank currently engaged in business, in which case the suffix provided in this section is not required to be used. An ordinal number may be used together with another descriptive word preceding the words “savings and loan association”, “savings association”, or “savings bank”, even when the descriptive word has been used in the corporate name of another association in the state, if the suffix as provided in this section, is also used. The suffix provided in this section may be used in the name of any association organized under this act or a former act. The use of the words “national”, “federal”, “United States”, “insured”, “guarantee”, or any form of those words, separately, or in any combination with other words or syllables, is prohibited as part of the corporate name of an association. A certificate of charter shall not be issued by the supervisor to a proposed association which has the same name as an association or bank authorized to do business in this state or a name so nearly resembling the name as to be likely to deceive the public, except to an association formed by the reorganization or consolidation of the association with other associations, or upon the sale of an association's property or franchise. An association resulting from a merger of 2 or more associations may continue use of the name of any association merged into the association without the word “association”, to preserve the identity of the merging association, if the former name is followed by a disclosure that the former association is a division of the resulting association.

**History:** 1980, Act 307, Eff. Jan. 1, 1981;—Am. 1987, Act 106, Imd. Eff. July 7, 1987.

#### **491.322 Unlawful savings and loan business or savings bank business; injunction; penalty.**

Sec. 322. (1) A person shall not engage in carrying on a savings and loan business as provided in this act, except a domestic association which is engaged in the business on the effective date of this act or which is organized under this act, a federal association having its principal office in this state, or a foreign association, to the extent authorized by the laws of this state. A person, unless authorized and actually engaged in carrying on a savings and loan business under this act or federal law, shall not transact business under a name or title which contains the terms “savings and loan association”, “savings association”, “thrift and loan association”, “thrift association”, “building and loan association”, “building association”, or a combination or form of those terms, or use a sign or circulate or use a letterhead, billhead, circular, or paper whatever, or advertise or represent in any manner which indicates that his or her, or its business is of the character or kind of business carried on or transacted by an association or which is calculated to lead a person to believe that his or her, or its business is that of an association.

(2) A person shall not engage in carrying on a savings bank business as provided in this act, except a domestic savings bank which is organized under this act, a federal savings bank having its principal office in this state, or a foreign savings bank, to the extent authorized by the laws of this state. A person, unless authorized and actually engaged in carrying on a savings bank business under this act or federal law, shall not transact business under a name or title which contains the term “savings bank” or use a sign or circulate or use a letterhead, billhead, circular, or paper whatever or advertise or represent in any manner which indicates that his, her, or its business is of the character or kind of business carried on, or transacted by an association, or which is calculated to lead a person to believe that his, her, or its business is that of a savings bank, except that a bank authorized to carry on a banking business may transact business under a name or title which contains the term “savings bank”.

(3) A court of competent jurisdiction may issue an injunction to restrain the person from violating or continuing to violate this section. A person who violates this section may be punished by a fine of not more than \$5,000.00.

**History:** 1980, Act 307, Eff. Jan. 1, 1981;—Am. 1987, Act 106, Imd. Eff. July 7, 1987.

#### **491.324 Amending articles of incorporation before issuance of certificate of authority; procedure; approval of other amendments; notice of meeting; voting on proposed amendments; adoption; execution, approval, and filing of certificate of amendment.**

Sec. 324. (1) Before the issuance of a certificate of authority to commence operations, the organizers or the board of the association, as applicable, may amend the articles of incorporation by executing a certificate of amendment setting forth the amendment and certifying that the amendment was adopted by a majority of the organizers or directors of the association, as applicable, and by submitting the certificate of amendment to the supervisor for approval and filing.

(2) Other amendments to the articles of incorporation or bylaws, except as otherwise provided in this act, shall be approved by the supervisor and by the members as provided in this section.

(3) Notice of a meeting, setting forth the proposed amendment or a summary of the changes to be effected by the amendment shall be given to each member entitled to vote on the amendment within the time and in

the manner provided in this act for the giving of notice of meetings.

(4) At the meeting a vote of members entitled to vote shall be taken on the proposed amendment. In the case of a mutual association, the proposed amendment shall be adopted upon receiving the affirmative vote of more than 50% of the voting power present at the meeting. In the case of a stock association, the proposed amendment shall be adopted upon receiving the affirmative vote of more than 50% of the outstanding shares entitled to vote on the amendment. The voting requirements of this section are subject to other requirements prescribed by this act for specific amendments, or as may be provided by the association's articles of incorporation or bylaws. Any number of amendments may be acted upon at a meeting of members.

(5) Upon adoption, a certificate of amendment shall be executed setting forth the amendment and certifying that the amendment was adopted by the members under this section. The certificate shall be executed by the association and submitted to the supervisor for approval and filing.

**History:** Add. 1981, Act 114, Imd. Eff. July 17, 1981.

#### **491.326 Members of stock association voting as class upon proposed amendment; conditions; limitations.**

Sec. 326. (1) Members of a stock association holding outstanding shares of a class may vote as a class upon a proposed amendment, whether or not entitled to vote on the amendment by the articles of incorporation or bylaws, if the amendment would increase or decrease the aggregate number of authorized shares of the class, or alter or change the powers, preferences, or special rights of the shares of the class or other classes so as to affect the class adversely.

(2) If a proposed amendment would alter or change the powers, preferences, or special rights of a class so as to affect adversely 1 or more series of a class, but not the entire class, then only the shares of the 1 or more series affected by the amendment shall as a group be considered a single class for the purposes of this section.

**History:** Add. 1981, Act 114, Imd. Eff. July 17, 1981.