

COLLECTIVE INVESTMENT FUNDS ACT (EXCERPT)
Act 174 of 1941

555.112 Common trust funds; additional investments.

Sec. 12.

(1) In addition to investing assets in a fund, a financial institution may invest assets that it holds as fiduciary in any of the following, to the extent not prohibited by applicable law:

(a) In any of the following loans or obligations, if the financial institution's only interest in the loans or obligations is its capacity as fiduciary:

(i) A single real estate loan, a direct obligation of the United States, or an obligation fully guaranteed by the United States or a single fixed amount security, obligation, or other property, either real, personal, or mixed, of a single issuer.

(ii) A variable amount note of a borrower of prime credit, if the financial institution uses the note solely for investment of funds held in its fiduciary accounts.

(b) In a fund maintained by the financial institution for the collective investment of cash balances received or held by a financial institution in its capacity as trustee, personal representative, executor, administrator, guardian, or custodian under a uniform gifts or transfers to minors act of any state that the financial institution considers too small to be invested separately to advantage. The total assets in a fund described in this subdivision shall not exceed \$1,000,000.00 and the number of participating accounts shall not exceed 100.

(c) In any investment specifically authorized by the instrument creating the fiduciary account or in a court order, in the case of trusts created by a corporation, including its affiliates and subsidiaries, or by several individual settlors who are closely related.

(d) In any collective investment authorized by applicable law, including, but not limited to, an investment under a preneed funeral statute of any state.

(e) In any other manner described by the financial institution in a written plan approved by the financial institution's state or federal regulator. In order to obtain a special exemption, a financial institution shall submit to its regulator a written plan that sets forth all of the following:

(i) The reason that the proposed fund requires a special exemption.

(ii) The provisions of the proposed fund that are inconsistent with this act.

(iii) The provisions of this act for which the financial institution seeks an exemption.

(iv) The manner in which the proposed fund addresses the rights and interests of the participating accounts.

(2) For purposes of this section, a financial institution acts as a fiduciary if the financial institution acts as any of the following:

(a) A trustee, personal representative, executor, administrator, registrar of stocks and bonds, transfer agent, guardian, assignee, receiver, or custodian under a uniform gifts or transfers to minors act of any state.

(b) An investment adviser, if the financial institution receives a fee for its investment advice.

(c) In any capacity in which the financial institution possesses investment discretion on behalf of another.

(d) In any similar capacity that a federal banking agency having authority over the financial institution may authorize from time to time.

History: 1941, Act 174, Eff. Jan. 10, 1942 ;-- CL 1948, 555.112 ;-- Am. 2004, Act 586, Imd. Eff. Jan. 4, 2005

Popular Name: Common Trust Fund Act