

UNIFORM VETERANS' GUARDIANSHIP ACT (EXCERPT)
Act 321 of 1937

35.82 Guardians; investments permitted with prior approval of court.

Sec. 12.

Investments. It shall be the duty of guardians to invest and keep invested their wards' surplus money and only in the securities hereinafter indicated, and in which the guardian has no interest. Such investments, except those provided in paragraph "a" hereof, shall be made only upon the prior approval of the court.

(a) Direct obligations of this state and of the United States government, and obligations, the interest and principal of which are both unconditionally guaranteed by the United States government.

(b) The bonds which are the general obligations of any other state, or of any county, city or town in the United States with a population as shown by next preceding federal census of not less than 10,000 inhabitants, and which bonds were not issued in aid of railroads, and where the laws do not permit such counties, cities or towns to become indebted in excess of 5 per cent of the assessed valuation of property for taxation therein, and where the total indebtedness of such county, city or municipality, does not exceed 5 per cent of the assessed valuation of property for taxation at the time of such investment: Provided always, There has been no default for more than 30 days during the preceding 10 years upon any bonds of the issuing state, county, city or town.

(c) The legally issued notes of the owner of improved unencumbered real property located in this state secured by first mortgage or deed of trust thereon: Provided, That the total debt secured by such encumbrance does not exceed 50 per cent of the actual cash value of such real property at the time of such investment, and provided that if buildings or other improvements constitute a material part of the value of such premises encumbered to secure such indebtedness they shall be kept insured against loss or damage by fire or wind in a reasonable amount for the benefit of the owners of such notes secured by first mortgages or deeds of trust.

Before making any such investment a signed application therefor shall be procured from the borrower which shall contain such information as may be required by the lender and in every case shall contain a complete description of the real estate, including improvements thereon, and an affirmative statement that such proposed borrower is the owner of the entire fee simple title to such real estate and improvements, that same are free of every encumbrance or lien of any character, or if not, a statement of any existing encumbrance or other liens thereon, and specific authorization to the lender to withhold from the proposed loan the necessary sum to discharge and procure the release of any such encumbrances or other liens, and such release shall in all cases be procured and filed for record prior to or contemporaneously with the making of such loan. The proposed borrower shall also furnish with such application an abstract or certificate of title and same shall be completed to the time of closing the loan. The guardian proposing to make such loan or to purchase any notes secured by first mortgage or deed of trust shall exhibit to the court with his application for approval thereof the opinion of a qualified attorney at law satisfactory to the court, which opinion shall show that such attorney has examined said abstract of title or certificate of title and the papers evidencing the proposed debt and encumbrance to secure same, and based thereon it is the opinion of such attorney that the proposed borrower has good title to the property to be encumbered and that such proposed encumbrance will constitute a valid first lien thereon. In addition thereto the guardian shall file with the court satisfactory written evidence that the reasonable cash value of the property to be encumbered is in accordance with the requirements of this paragraph.

If the guardian purchases previously issued notes secured by first mortgage or deed of trust, the attorney's examination and opinion shall also disclose whether the proposed transferor has and will pass to the guardian good title thereto together with the liens securing same as hereinbefore provided. In such case the guardian shall file with the court satisfactory written evidence of value of the encumbered property as is hereinabove required, as of the time of acquiring such notes.

(d) The legally issued first and refunding mortgage bonds of any railroad or railway corporation organized under the laws of the United States or of any state thereof, as provided in paragraphs (d), (e) and (f), of section 24 of Act No. 66 of the Public Acts of 1929, as amended, and subject to all of the provisions, conditions and limitations therein prescribed: And provided further, That at no time shall the amount invested in such bonds exceed 10 per cent of the total amount of such wards' investments.

(e) The legally authorized mortgage bonds issued or assumed by any corporation incorporated under the laws of the United States or of any state thereof, and transacting the business of supplying electrical energy or gas or both for light, heat, power and other purposes, provided such corporation is subject to regulation by a public service commission or public utilities commission or other similar regulatory body duly established by the laws of the United States or the state in which such corporation operates: Provided, however, That such investment shall be subject to all the provisions, conditions and limitations prescribed in paragraph (h) of section 24 of said Act No. 66: And provided further, That at no time shall the amount invested in such bonds exceed 10 per cent of the total amount of such wards' investments.

(f) Bonds of any corporation which at the time of such investment is incorporated under the laws of the United States or of any state thereof and is authorized to engage and is actually engaged in the business of furnishing telephone and telegraph service in the United States and is subject to regulation by the interstate commerce commission or a public service commission or other similar federal or state regulatory body duly established by the laws of the United States or of the states in which such corporation operates: Provided, however, That such investment shall be subject to all the provisions, conditions and limitations prescribed in paragraph (i) of section 24 of said Act No. 66: And provided further, That at no time shall the amount invested in such bonds exceed 10 per cent of the total amount of such wards' investments.

(g) The legally authorized and issued first mortgage bonds of steamship companies: Provided, That such mortgages shall be upon steel steamship or steamships for the carriage upon the great lakes and connecting waters of package freight and passengers combined of at least 5,000 tons carrying capacity each, and upon bulk freighters of at least 7,000 tons carrying capacity each: Provided, That such bonds are issued at the time of completion and enrollment of such steamship or steamships, or within 1 year thereafter: Provided, however, That such investment shall be subject to all the provisions, conditions and limitations prescribed in paragraph (j) of section 24 of said Act No. 66: And provided further, That at no time shall the amount invested in such bonds exceed 10 per cent of the total amount of such wards' investments.

(h) The withdrawable shares of a building and loan association or savings and loan association incorporated under the laws of this state, or in the shares of a federal savings and loan association situated in this state, organized and existing by virtue of section 5 of an act of congress known as the Home Owners' Loan Act of 1933, as amended.

History: 1937, Act 321, Imd. Eff. July 27, 1937 ;-- Am. 1939, Act 102, Eff. Sept. 29, 1939 ;-- CL 1948, 35.82

Compiler's Notes: Act 66 of 1929, referred to in this section, was repealed by Act 341 of 1937 . For provisions of the Home Owners' Loan Act of 1933, referred to in subdivision (h), see 12 U.S.C. § 1464.