

SAVINGS BANK ACT (EXCERPT)
Act 354 of 1996

487.3431 Drafts or bills of exchange.

Sec. 431.

(1) A savings bank may accept drafts or bills of exchange drawn upon it having not more than 6 months' sight to run, exclusive of days of grace, if 1 or more of the following apply:

- (a) The drafts or bills of exchange grow out of transactions involving the importation or exportation of goods.
- (b) The drafts or bills of exchange grow out of transactions involving the domestic shipment of goods.
- (c) The drafts or bills of exchange are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples.

(2) Except as provided in subsection (3), a savings bank shall not accept bills of exchange, or be obligated for a participation share in such bills, in an amount equal at any time in the aggregate to more than 150% of the capital and surplus of a stock savings bank and more than 150% of the total capital of a mutual savings bank.

(3) Under conditions as the commissioner may prescribe, the commissioner may authorize, by rule, order, or declaratory ruling, a savings bank to accept bills of exchange, or be obligated for a participation share in such bills, in an amount not exceeding at any time in the aggregate 200% of the capital and surplus of a stock savings bank and more than 200% of the total capital of a mutual savings bank.

(4) Notwithstanding subsections (2) and (3), with respect to any savings bank, the aggregate acceptances, including obligations for a participation share in the acceptances, growing out of domestic transactions shall not exceed 50% of the aggregate of all acceptances, including obligations for a participation share in the acceptances, authorized for the savings bank under this section.

(5) A savings bank shall not accept bills of exchange, or be obligated for a participation share in such bills, whether in a foreign or domestic transaction, for any 1 person, partnership, corporation, association, or other entity in an amount equal at any time in the aggregate to more than 10% of the capital and surplus of a stock savings bank and more than 10% of the total capital of a mutual savings bank, unless the savings bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance.

(6) If a savings bank issues an acceptance, the limitations of this section do not apply to that portion of an acceptance that is issued by the savings bank and is covered by a participation agreement sold to a bank, out-of-state bank, national bank, association, or other savings bank.

History: 1996, Act 354, Imd. Eff. July 1, 1996