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Folder 21: Act to provide for the incorporation of Savings Associations, 1869

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An act to provide for the incorporation of Savings Associations.

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Section 1 The people of the State of Michigan enact: That any five persons, or more, may separate themselves together and establish offices of deposit and loan money, upon the terms and conditions, and subject to the liabilities and restrictions prescribed in this act, but the aggregate amount of the Capital Stock of any such association shall not be less than ten thousand dollars, nor more than one hundred thousand dollars. One half of such Capital Stock shall be paid in before any such association shall commence business for receive any deposits or make any loans.

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Sec 2 Such persons, under their hands and seals, shall make a certificate in Writing, which shall specify: First the name assumed to distinguish such association, and to be used in all its dealings;

2nd The place where the operations of deposit and loan of such association are to be carried on, designating the particular county, city, town or village, at which place such association shall keep an office for the transaction of its business;

3rd The amount of the Capital Stock of such association, and the number of shares ^{into which the same is divided} and owned by each of them respectively.

4th The name and place of residence of the shareholders, and the number of shares held and owned by each of them respectively.

5th The period at which such association shall commence and terminate and which period shall not exceed thirty years.

Sixth The names and place of residence of the several trustees and officers, and the number of shares of the Capital Stock of such association owned and held by each of such trustees and officers, which certificate shall be provided, acknowledged and recorded in the office of Registrar of Deeds of the county where any office of such association shall be established, and a copy thereof filed in the office of the Secretary of State.

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Sec: 3 The certificate required by the last preceding section to be recorded in the office of the Registrar of Deeds of the county, and filed in the office of Secretary of State, as aforesaid. Copies thereof, duly certified by either of said officers, may be used as evidence in all courts and places, for and against such association.

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Sec 4. Such association, when so organized, shall have power to receive deposits of money, and pay interest on the same at such rates as shall be agreed upon, but in no case exceeding six, per centum per annum, and may loan such deposit money upon a stable security, upon United States Stocks, or upon the Stocks of the State of Michigan, at such rates of interest as may be agreed upon, not exceeding ten per centum per annum. Provided, That no loan shall be made upon any real estate unless the same shall be free and clear from all

in embrace, and then not to an amount exceeding two-thirds of its actual cash value, exclusive of building thereon. And provided further: That in loaning money upon mortgage of real estate, preference shall always be given, the security being equal, to applicants of one thousand dollars or less.

Sec. 5. It shall not be lawful for any association formed under this act, to loan money shall not be money on any personal security to an amount in the aggregate exceeding their loaned on personal own cash capital, which shall have been paid in on their own stock and shall remain unimpaired and exclusive of all that shall have been invested in office furniture and fixtures, or real estate; it being the true intent and meaning of this act to limit the loaning of any money to be deposited in any such association to productive, unimpaired real estate security, or United States Stock, or Michigan State Stock Security, and to make it unlawful to loan money, or any part thereof, upon any other securities whatever.

Sec. 6. It shall not be lawful for any association organized under this act, to engage in the business of buying and selling exchange, not to issue any letters of credit, or buy and sell commercial paper, or do any business pertaining to banking, except as in the receiving and loaning deposits as above stated, but any such association may use its own capital stock actually paid in and remaining unimpaired, for the purpose of buying and selling exchange.

Sec. 7. The stockholders who shall have signed the said certificate, and filed and recorded the same as specified in this act, may call the first meeting of the same, and choose a board of trustees, consisting of not less than three nor more than ten persons, who shall hold their office until their successors are chosen at the first regular annual meeting, to be held as herein after provided.

Sec. 8. It shall be the duty of every association formed under this act to hold an annual meeting in some day in the month of January, in each and every year, at which time they may choose a board of trustees, make by laws, and transact any other business not inconsistent with the provisions of this act, and the trustees so to be chosen shall hold their office for the period of one year, and until their successors shall have been elected and qualified.

Sec. 9. A majority of trustees of any such association may choose a president, vice president and treasurer, and any other officers authorized by their by laws: Provided, No such president or vice president shall receive any pecuniary consideration for his services as such, nor shall any trustee be paid for his services as trustee, nor shall loans of money be made to the officers or trustees of such association from its funds.

Sec. 10. Such trustees, or a majority of them, shall at least once in each month, make and record a careful examination of the books, securities, and funds of the same, and furnish a summary of the examination.

Book kept for inspection. associations, and shall in writing give a summary of the same in a book to be kept for that purpose, which shall be open to the inspection of all the stockholders and depositors. -

Seal; Who to use same, and sign, etc papers. Sec: 11. Every association formed under this act may provide for its business a common seal, alter or change the same at pleasure; may authorize its president, treasurer or any other officer to use the same, and to sign, execute and deliver all necessary papers, whether under seal or not, pertaining to the proper transaction of the business of said association.

Power to sue etc Sec: 12. Every such association so organized, shall have power to sue and be sued, plead and be impleaded, answer and be answered in all suits arising from or growing out of its business, under and by virtue of this act, in all courts of competent jurisdiction.

Report to Attorney General in January. Sec: 13. The Board of trustees of every such association shall exhibit to the Attorney General of the State, for the time being, during the month of January, in each and every year, a report of the condition of such association at the close of the year immediately preceding; such report shall state the number of depositors, the amount of deposits, the aggregate of loans, and the amount upon each class of securities, the names and residence of their trustees and officers, for the time being, and any other matter affecting the safety of their deposits, or the interest of their creditors.

Content of reports. Sec: 14. The Attorney General of the State shall present all such reports received by him, to the legislature in regular session, at his earliest opportunity; and whenever, upon knowledge or information or belief, derived from said reports, or from any other source, he shall deem it necessary for the interests of the creditors of any such association, or that its business is being conducted in a manner inconsistent with the provision of this act, or any of the laws of this State, he shall have full power, and it is hereby made his duty to proceed to close up the affairs of such association, in any court of competent jurisdiction, and according to the laws in such case made and provided. -

Attorney General to present report to legislature. Sec: 15. No association organized under this act shall divide among its stockholders more than its actual profits, nor and above all losses, at the time of making any dividend, *concerning dividends to stockholders etc.* nor shall it divide as aforesaid, more than ten per cent. on the full amount of capital stock in any one year, during the existence of the association, and until all its creditors are fully paid.

Power of attorney General to close up affairs of association. Sec: 16. The treasurer of every such association shall give good and sufficient bond, in the penal sum of not less than ten thousand dollars, to the trustees, for the faithful performance of the duties devolving upon him, and in case of his default, said treasurer shall be deemed personally guilty of a misdemeanor, and on conviction thereof, shall be liable to imprisonment not exceeding two years in the State prison. -

Treasurer shall give bond. Sec: 17. It shall be lawful for any such saving association to accept and execute all trusts, whether fiduciary or otherwise, as shall or may be committed to said association by any

Association may accept and execute all trusts committed person or persons), or by the order or direction of any court or tribunal, or other legally constituted authority of the State of Michigan, and to make such special regulations in reference to trusts, funds, deposits, or savings left for accumulation or safe keeping, as shall best suit the said depositors or parties interested by accumulating or increasing the same, allowing and paying in respect to such interest therefor as may be agreed upon, not exceeding seven percent.

Sec: 16 Every such saving association, in respect to such trusts or funds as shall be committed to it by any court or tribunal of this State under the provisions of this act, shall be subject to all such orders and decrees as said court shall make and pass in respect thereto, and to the investment thereof, and the security therefor, and shall be liable to account at such time or times, and in such way and manner as said court or tribunal shall order, for the principal and interest of such trusts or funds.

Sec 18. Every such saving association, in respect to such trusts or funds as shall be committed to it by any court or tribunal of this State, under the provisions of this act, shall be subject to all such orders and decrees as said court shall make and pass in respect thereto, and to the investment thereof, and the security therefor, and shall be liable to account at such time or times, and in such way and manner as said court or tribunal shall order, for the principal and interest of such trusts or funds.

Sec: 19. Whenever a deposit shall be made with any such association, by or in the name of any minor; the treasurer may if directed by the trustees of such association, pay the same to such minor, or the person making such deposit, and the same shall be a valid payment.

Sec: 20 The real estate which it shall be lawful for any such association to purchase, hold and convey, shall be:

1. Such as may be requisite for its accommodation for the convenient transaction of its business;
2. Such as shall have mortgaged to it in good faith, for money loaned in pursuance of the provisions of this act;
3. Such as shall have been purchased at sale upon judgments or decrees, obtained or rendered for money so loaned; and no association shall purchase, hold, or convey real estate in other case, or for any other purpose. And all such real estate as is described in the second and third subdivisions of this section, shall be sold by such association within five years after the same shall be vested in it by purchase or otherwise; and no such association shall, directly or indirectly, deal or trade in buying or selling any goods, wares or merchandise whatever, except in the case where it is authorized to do so by the terms of this act, and also, except such personal property as may be requisite for the accommodation and convenient transaction of its business.

Sec 21 This act shall take immediate effect

Approved April 3/1869.