

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

491.608 Application for withdrawal of money from savings account; identification; cancellation; payment or numbering of application; interest; rotation plan; amount of payment; notice; pro rata payments; payment without application; apportionment of funds; definition.

Sec. 608. (1) Unless a rotation plan has been approved by the supervisor under this section, a depositor may withdraw all or part of the money from a savings account, pursuant to the terms applicable to withdrawals under the written contract between a depositor and the association. An association may require that each application for withdrawal be accompanied by identification considered sufficient by the association to assure that the withdrawal is being made by a person entitled to do so. An application for withdrawal shall request withdrawal of a stated amount or the balance of the account pursuant to this section. A depositor may cancel an application at any time in whole or in part by providing written notice to the association. An association shall pay or number, date, and file in the order of actual receipt, every withdrawal application. An association shall not obligate itself to pay withdrawals on a plan other than as provided in this act. Depositors who are members and who have filed written application for withdrawal remain members until paid, and shall not have greater rights as creditors. Interest shall not be paid upon that portion of an account which has been noticed for withdrawal, and a portion noticed for withdrawal shall be deducted from the latest previous additions to an account, if the application for withdrawal is on file.

(2) If action is necessary to preserve the assets of an association and protect the claims of the association's depositors, with the approval of the supervisor an association may institute a rotation plan for the payment of withdrawal applications pursuant to this section with respect to savings accounts other than those authorized by section 606(b). A rotation plan pursuant to this section may also be required of an association upon issuance of an order for a rotation plan by the supervisor. On the first day of each month, each application that has been on file since the fifteenth day of the preceding month and which is reached in the order the application was received shall be paid \$1,000.00 on account if funds are available for that purpose, or in full if the unpaid amount or balance of the withdrawal application is less than \$1,000.00. Each application for more than \$1,000.00 so paid, shall be considered refiled for purposes of the succeeding monthly payments. Not less than 1/3 of the net receipts of an association during the preceding calendar month shall be applied on the first day of each month to the payment of applications under the rotation plan. An association may apply to withdrawals an amount larger than 1/3 of the net receipts, but shall not obligate itself to do so. When an application to withdraw is reached for payment, a written notice shall be sent to the applicant by mail at the applicant's last address recorded on the books, and unless the applicant applies in person or in writing for the withdrawal within 15 days after the date of the notice, payment on account of the application shall not be made and the application shall be canceled. If the aggregate sum called for by applications for withdrawal on file exceeds 5% of the savings liability of the association, the association's board may direct, with the approval of the supervisor, that the sums available each month for payment upon withdrawals shall be paid by distribution of the sums to the withdrawing depositors in proportion to their savings account to be withdrawn.

(3) At the discretion of the board and to meet the necessities of the association's depositors, an association may pay out to depositors who have not filed applications for withdrawal an amount not to exceed \$200.00 to a depositor in a month, but the payments shall not be made from or charged against the 1/3 of net receipts applicable to the payment of written applications for withdrawal.

(4) With the approval of the supervisor the board may provide that all funds available for withdrawal shall be apportioned and paid pro rata with respect to all unpledged savings accounts of an association, without regard to applications for withdrawal and the sums may be distributed as determined by the board, but not less than 2 times a year.

(5) As used in this section, "net receipts" means the cash received by an association from investments, interest, loan repayments, fines, service charges, and any other source except borrowings, deposits, and payments which are to be held in escrow or as agent for another, less disbursements for expenses necessary and incidental to the association's business, expenses of maintaining and improving its real estate, taxes and insurance related to its properties or business, renewals of obligations, interest payments to depositors and other lenders to the association, and the creation of required reserves.

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