

CERTIFICATE

CU 51, 54, 55, 50,
61, 62

STATE OF WISCONSIN)
)
OFFICE OF THE COMMISSIONER OF CREDIT UNIONS)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, WILLIAM H. HUGHES, Commissioner of the Office of the Commissioner of Credit Unions, and custodian of the official records of said department, do hereby certify that the annexed rules and regulations and amendments to rules and regulations, comprising CU 51.01, CU 54.01(6), CU 54.01(7), CU 54.02(1), CU 54.03(1), CU 54.03(4) and (5), CU 54.04(4), CU 54.04(5), CU 54.04(6), CU 54.04(8), CU 54.05, CU 55.01(1), CU 55.01(3), CU 55.02(1)(a), CU 55.02(3), CU 56.03, CU 61.01(2), and CU 62, were duly approved and adopted by this department on June 22, 1973.

I further certify that said copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the department at the Office of the Commissioner of Credit Unions in the City of Madison, this 22nd day of June A.D. 1973.

OFFICE OF THE COMMISSIONER OF CREDIT UNIONS

By William H. Hughes
William H. Hughes, Commissioner

*Filed June 22, 1973
1:20 PM.*

ORDER OF THE OFFICE OF THE COMMISSIONER OF CREDIT UNIONS

ADOPTING, AMENDING OR REPEALING RULES

Pursuant to authority vested in the Office of the Commissioner of Credit Unions by section 186.23, Wis. Stats., the Commissioner of Credit Unions hereby repeals, amends, and adopts rules as follows:

CU 51.01 is amended to read as follows:

(1) A credit union member shall be considered as a person whose application has been approved in accordance with the provisions of the by-laws. Said person shall pay the entrance fee only if required by resolution of the board of directors and shall subscribe for at least one share of stock and who shall pay for this share in full or may make the initial payment thereon and shall pay the balance within three months.

(2) A person who has ceased to be a member may be readmitted to membership in the same manner and under the same conditions as was required for the original admission except that in the case of such readmission, the payment of the entrance fee, if any, shall be at the discretion of the board of directors.

CU 54.01(6) is amended to read as follows:

(6) A credit union may grant two real estate mortgage loans to any one member provided each real estate mortgage loan shall be within the limits of subsection (1). In the case of multiple unit properties, the requirements shall be the same as for single units.

CU 54.01(7) is created to read as follows:

(7) At the discretion of the board of directors, a credit union may grant real estate mortgage loans to its members for the purchase of a condominium. Such loans shall be considered the same as other real estate mortgage loans and must satisfy the requirements of Chapter CU 54.

CU 54.02(1) is amended to read as follows:

(1) Each member shall, in addition to the required monthly payment, deposit with the credit union each month, a sum equal to one-twelfth of the estimated annual tax plus one-twelfth of the annual insurance premiums. Such deposits may receive interest payable at a rate not to exceed the maximum dividend rate paid on regular member passbook share accounts during that same period.

ORDER OF THE OFFICE OF THE COMMISSIONER OF CREDIT UNIONS

ADOPTING, AMENDING OR REPEALING RULES (CONTINUED)

CU 54.03(1) is amended to read as follows:

(1) (a) All property on which real estate mortgage loans are made must be appraised by a certified appraiser; a licensed real estate broker; or by a person whose experience would indicate his competence to make appraisals for loan purposes. No appraiser shall be an officer, director or employee of the credit union for which the property is being appraised and no appraiser shall be directly or indirectly interested in any property appraised.

(b) Each appraisal report required by subsection (1) (a) submitted in support of an application for a real estate mortgage loan shall be accompanied by at least three (3) photographs showing: (1) a front view of the building(s) on the property to be mortgaged and, (2) photographs from the street in front of said property showing neighboring properties in each direction, to reflect the character of the area.

CU 54.03(4) and (5) are repealed.

CU 54.04(4) is amended to read as follows:

(4) As a minimum, fire and extended coverage insurance shall be carried in an amount equal to the amount of the loan or to the full, replacement value of the buildings;

CU 54.04(5) is amended to read as follows:

(5) (a) Original or copies of insurance policies or a certificate of insurance required by subsection (4) must be on file and must contain a mortgage clause in favor of the credit union;

(b) At the discretion of the credit union board of directors and provided blanket permission to do so is included in the credit union minutes, "continuous" insurance or "insurance to be in effect until cancelled" policies are acceptable.

(c) If, at the inception of the real estate mortgage loan the credit union has evidence of insurance required by Paragraph (a), thereafter, in lieu of subsequent evidence of individual insurance coverage, the credit union board of directors may contract for single-interest fire insurance and extended coverage protection in favor of the credit union; however, the premium costs thereof must be assumed by the credit union as an operating expense.

CU 54.04(6) is amended to read as follows:

(6) The original or photostatic copy of receipts covering all previous real estate taxes on the mortgaged property paid since the previous examination or any other written evidence of the payment of said taxes acceptable to the board of directors provided that blanket permission to do so and the evidence acceptable is defined in the credit union corporate minutes.

ORDER OF THE OFFICE OF THE COMMISSIONER OF CREDIT UNIONS

ADOPTING, AMENDING OR REPEALING RULES (CONTINUED)

CU 54.04(8) is hereby repealed.

CU 54.05 is created to read as follows:

Subordinate real estate mortgages. (1) At the discretion of the board of directors and provided authority to do so is contained in the corporate minutes, a credit union may grant personal loans on the basis of primary or secondary collateral consisting of a subordinate real estate mortgages(s).

(2) Each personal loan made by the credit union when all or a portion of the collateral in support thereof consists of a subordinate real estate mortgage(s) shall be supported by the following documents and information:

(a) The note properly executed and the mortgage instrument properly signed and recorded;

(b) Reasonable yet authoritative written evidence establishing the credit union's priority of lien by one of the following: (1) an abstract of title or an owner's title policy showing title in the borrower and the mortgage to the credit union; (2) or a mortgage policy in favor of the credit union; (3) or a "short form title search"; (4) or a signed report by an attorney; (5) or the signed report of an officer, director, committee member or employe of the credit union who has been so designated by the board of directors;

(c) Reasonable yet authoritative written evidence of the fair market value of the property mortgaged to the credit union;

(d) Reasonable yet authoritative written evidence of the member borrower's equity in the property mortgaged to the credit union; that is, the fair market value of the property less the outstanding balances of all prior liens.

CU 55.01(1) is amended to read as follows:

Certificate of authority. (1) No credit union may engage in the business and functions provided for in section 186.33, Wis. Stats., without receiving a certificate of authority from the commissioner of credit unions.

CU 55.01(3) is created to read as follows:

(3) In lieu of issuing a certificate of authority to each member credit union of a credit union service center corporation, the commissioner of credit unions may issue a certificate of authority to the credit union service center corporation to engage in the business and functions provided for in section 186.33, Wis. Stats. However, the credit union service center corporation must comply with the minimum requirements for credit unions defined in CU 55.02.

CU 55.02(1)(a) is amended to read as follows:

ORDER OF THE OFFICE OF THE COMMISSIONER OF CREDIT UNIONS

ADOPTING, AMENDING OR REPEALING RULES (CONTINUED)

(1)(a) A separate bank account with a minimum cash reserve fund as established by the board of directors must be maintained by the credit union for the accountability for the issuance and sale of money orders under its own name. These funds may not be commingled with the general cash of the credit union or with the funds of any other activity or service of the credit union.

CU 55.02(3) is created to read as follows:

(3) For acting as agents for the sale of "travelers checks" and acting as agents for the sale of money orders:

(a) For each activity, separate bank accounts with a minimum balance as determined necessary by the board of directors must be maintained by the credit union for the accountability for the sale of "travelers checks" and the sale of money orders with the remittance of the sale proceeds of each to the issuing agency.

(b) The funds for the issuance of money orders in the name of the credit union, acting as the agent for the sale of money orders or for the sale of travelers checks must not be commingled with the general cash of the credit union or with the funds of any other activity or service of the credit union.

CU 56.03 is amended to read as follows:

Any interested person aggrieved by any act, order or determination of the Commissioner under Chapter 186, Wis. Stats., may file with the Commissioner within thirty days after the act, order or determination to be reviewed, an original and eight copies of a notice of appeal in the manner prescribed by Section CU 56.05 in the following form:

To the Wisconsin Credit Union Review Board:

The undersigned hereby appeals from the order of the Commissioner of Credit Unions dated _____, 19__ , whereby it was ordered that (here set forth the substance of the order).

The nature of petitioner's interest is: (Here set forth the nature of petitioner's interest).

The grounds of appeal are the following: (Here set forth the exceptions or objections relied on, and if no answer has been filed, then also an answer to the findings of fact in the order in the manner prescribed by the Rules of Procedure for proceedings and hearings had before the Commissioner of Banking).

Dated _____, 19__ .

CU 61.01(2) is hereby repealed.

CU 62 is created to read as follows:

ORDER OF THE OFFICE OF THE COMMISSIONER OF CREDIT UNIONS

ADOPTING, AMENDING OR REPEALING RULES (CONTINUED)

62.01 Supervisory orders. (1) When issued. The Commissioner may issue a supervisory order to cease and desist whenever he determines that a credit union is:

(a) violating the provisions of its articles or by-laws, or the laws of this state, or the laws of the United States, or any lawful rule, order or regulation promulgated by the Commissioner and the Credit Union Review Board; or

(b) violating any order of the Commissioner which may restrict, limit or prohibit the credit union from engaging in any act or practice specified under Section 186.29 (1) (a) to (j) inclusive;

(c) The supervisory order could include but would not be limited to the declaration and/or payment of dividends on member savings; the granting or payout of member loans; the acceptance of payments on member savings; the payout of member requests for member savings; or any other portion of the business of a credit union.

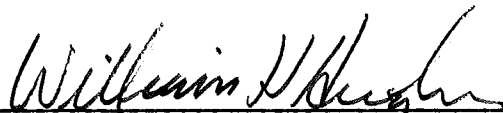
(2) How issued. The Commissioner shall deliver or cause to have delivered a formal written signed order to the Board of Directors of the credit union in which the facts known to the Commissioner are set forth and shall demand the discontinuance of such practice(s) and whenever applicable, order the credit union to comply and/or institute corrective action.

62.02 Stay of order during appeal. The institution of the proceedings for review shall not stay enforcement of the Commissioner's decision, but the Credit Union Review Board may order a stay upon such terms as it deems proper.

The rules, amendments, and repeals contained herein shall take effect as provided in section 227.026(1), Wis. Stats.

Dated: June 22, 1973

OFFICE OF THE COMMISSIONER OF CREDIT UNIONS

By 
William H. Hughes, Commissioner