



STATE OF WISCONSIN)
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 OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN)

I, R. J. MC MAHON, Commissioner of Savings and Loan, and custodian of the Official Records of the Office of Commissioner of Savings and Loan, do hereby certify that the annexed Order No. 84, creating Chapter S-L 21 and Section S-L 24.05, RULES OF THE OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN, WISCONSIN ADMINISTRATIVE CODE, was adopted by the Commissioner of Savings and Loan on July 11, 1973, and approved by the Savings and Loan Review Board on July 11, 1973, after a public hearing was held on June 13, 1973.

I further certify that publication of the annexed Order No. 84 will be made in the Wisconsin Administrative Register of August 1973, No. 212, and that the subject matter contained in Order No. 84 of the Rules of the Commissioner of Savings and Loan, Wisconsin Administrative Code, will become effective September 1, 1973.

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



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Official Seal of the Savings and Loan Commissioner, located in Room 800, State Office Building, One West Wilson Street, in the City of Madison, this 13th day of July 1973.

R. J. McMahon

 R. J. McMahon
 Commissioner

STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN

ORDER NO. 84

IN THE MATTER of prescribing Rules and Regulations pursuant to authority contained in Section 215.02(12)(a), Wis. Stats., for conducting the business of savings and loan associations operating under Chapter 215, Wis. Stats.

WHEREAS, a public hearing on Proposed Order No. 84 was held in Room 800, Wilson Street State Office Building, Madison, Wisconsin, on June 13, 1973.

NOW, THEREFORE, IT IS ORDERED:

That Order No. 84, consisting of the following, is hereby adopted to read:

Chapter S-L 21 is repealed and recreated to read:

CHAPTER S-L 21

CLERICAL AND ACCOUNTING SERVICES

S-L 21.01 Performance of clerical and accounting services. (1) Upon specific authorization of its board of directors, any savings and loan association may perform for a fee clerical and accounting services for other savings and loan associations or for other persons.

(2) Upon specific authorization of its board of directors, any savings and loan association may cause to be performed, by contract or otherwise, any clerical or accounting services, as defined in Wis. Adm. Code section S-L 21.02(1)(a), for itself, whether on or off its premises, by another savings and loan association or person for a fee, provided assurances satisfactory to the commissioner are furnished to the commissioner by both the association and the party performing the services,

that performance thereof will be subject to regulation and examination by the commissioner to the same extent as if such services were being performed by the association on its own premises.

(3) With prior approval of the commissioner, any association may perform clerical and accounting services for itself at a location other than its home office or an approved branch. No clerical or accounting functions involving direct contact with persons not employed by the association shall be permitted, and the association shall in no way advertise or otherwise state or imply that such location is a separate office, as defined in chapter 215, Wis. Stats., of the association. Such location shall be considered an extension of the association's home office and shall not be construed as a branch office within the meaning of chapter 215, Wis. Stats.

S-L 21.02 Data processing service corporations. (1) Definitions. Unless the context requires otherwise:

(a) "Clerical and accounting services" means the posting of payments, withdrawals, computation and distribution of earnings on savings accounts; the posting of entries on accounts of borrowing members, the posting of payments and credits thereon, and the computation of interest and other charges thereon, and the computation of the contractual status of loan accounts; the preparations and mailing of checks, statements, notices and similar items; or any other clerical, bookkeeping, accounting, statistical or other similar functions performed for a savings and loan association.

(b) "Data processing service corporation" means a corporation organized pursuant to the provisions of chapter 180, Wis. Stats., solely to perform clerical and accounting services for one or more savings and loan associations or for other persons, and which corporation is owned solely by one or more associations with home offices in Wisconsin.

(c) "Investment" means money advanced, directly or indirectly, by a savings and loan association to a service corporation for capital stock, obligations or other securities, including mortgage loans made in accordance with section 215.21, Wis. Stats. Such investments are made pursuant to subsection 215.13(26)(f), Wis. Stats.

S-L 21.03 Maximum investment in a data processing service corporation. (1) The maximum amount of investment of any savings and loan association in a data processing service corporation shall not exceed 1% of the total assets of the individual savings and loan association except as provided in subsection (2).

(2) If the investment in a data processing service corporation has been held by two or more associations, and one of the associations ceases to utilize the services of the service corporation and ceases to hold an investment in it, the data processing service corporation may continue to function, and the remaining association or associations may purchase, at fair market value, the investment of the terminating association, provided the aggregate investment of none of the remaining associations exceeds 1 1/2% of its total assets.

S-L 21.04 Availability of services of a data processing service corporation.

Whenever a savings and loan association (referred to in this subsection as an "applying association") applies for a type of clerical and accounting services for itself from a data processing service corporation which supplies the same type of service to another savings and loan association with which the applying association is competitive, the data processing service corporation must offer to supply such services to the applying association by either:

(1) Allowing investment by the applying association and furnishing services to it on the same basis as to other savings and loan associations holding investments in the data processing service corporation, or

(2) Furnishing association services to the applying association at rates no higher than necessary to reflect the cost of the services, including the reasonable cost of the capital provided to the data processing service corporation at the data processing service corporation's option, unless comparable services at competitive over-all costs are available to the applying association from another source, or unless the furnishing of services sought by the applying association would be beyond the practical capacity of the data processing service corporation. In any action or proceeding to enforce the duty imposed by this subsection, or for damages for the

breach thereof, the burden shall be on the data processing service corporation to show such availability.

S-L 21.05 Limitation of service corporation's activities. The articles of incorporation, filed with the secretary of state, shall state that the sole purpose of the "data processing service corporation," is to furnish clerical and accounting services.

S-L 21.06 Supervision and control of service corporations. Data processing service corporations, organized pursuant to the provisions of this chapter, shall be under the supervision and control of the savings and loan commissioner and may be periodically examined by him at the data processing service corporation's expense.

S-L 21.07 Applicability of chapter S-L 24. The provisions of section S-L 24.06, Wis. Adm. Code, not in conflict with this chapter shall apply to all data processing service corporations.

Section S-L 24.06 is created to read:

S-L 24.06 Service corporations. (1) GENERAL. Subject to the provisions of this section, savings and loan associations may invest, pursuant to subsection 215.13(26) (F), Wis. Stats., in savings and loan service corporations. All prerequisites for approval of investment in a first level service corporation are equally applicable to subsidiaries of such corporations.

(2) DEFINITIONS. (a) "Savings and loan service corporation" means a corporation organized under chapter 180, Wis. Stats., the stock of which corporation is owned exclusively by one or more savings and loan associations with home offices in Wisconsin or by subsidiaries of such corporations.

(b) "Investment" means money advanced, directly or indirectly, by a savings and loan association to a service corporation for capital stock, obligations or other securities, excluding mortgage loans made in accordance with section 215.21, Wis. Stats.

(c) "Joint venture" means an affiliation of two or more parties for the purpose of carrying out a single business enterprise for profit, for which purpose they combine

their property, money, effects, skill, and knowledge.

(3) APPROVAL BY THE COMMISSIONER. A savings and loan association may invest under the provisions of this section only with the prior written approval of the commissioner. Such investment shall not be approved unless:

(a) The purposes or activities of the corporation are acceptable to the commissioner; and

(b) The request for approval of investment is accompanied by certified copies of the service corporation's Articles of Incorporation and Bylaws; and

(c) The service corporation executes an agreement whereby it agrees to be audited by a certified public accountant at least once each fiscal year, and to cause said accountant to deliver a copy of his certified statement to the commissioner simultaneously with the delivery of the statement to the service corporation, and

(d) The service corporation executes an agreement whereby it agrees to file such reports as the commissioner may request and to submit to examination from time to time by the commissioner's office and to pay the expense of such examinations and audits; and

(e) All other provisions of this section have been met.

(4) SERVICE CORPORATION ACTIVITIES. (a) All types of activities to be performed by a savings and loan service corporation shall be approved by the commissioner prior to commencement.

(b) All approvals of service corporation activities granted prior to the effective date of section S-L 24.06, Wis. Adm. Code, shall be void as of such effective date unless such activity has actually commenced. Any service corporation which as of the effective date was engaged in an activity approved by the commissioner may continue such activity, provided it is engaged in on a continuing basis, and prior to performing any such previously approved activity which was not undertaken or which was discontinued, a service corporation shall apply to the commissioner for specific authorization for such activity and shall not perform such activity until such approval is received.

(c) The commissioner shall authorize only those activities which he has reason to believe will be commenced within a reasonable period of time.

(5) INVESTMENT AND MORTGAGE LOAN LIMITATIONS. (a) The maximum aggregate of investments and mortgage loans of an association in savings and loan service corporations in which it holds capital stock shall not exceed 1% of the total assets of the association unless specifically authorized by the commissioner, but in no event shall the aggregate of such investments and mortgage loans to service corporations in which it holds stock, directly or indirectly, exceed 5% of such assets.

(b) The commissioner may, for good and sufficient reason restrict, limit or prohibit any association's investing in or lending to service corporations.

(6) SERVICE CORPORATION DEBT. (a) Debt owed by a service corporation to associations which hold stock, directly or indirectly, in such corporation shall not, when added to the acquisition cost of the corporation's stock, exceed 5% of the aggregate assets of the associations holding the capital stock.

(b) Unsecured debt owed by a service corporation to parties other than associations holding stock, directly or indirectly, in such corporation shall not, without the prior approval of the commissioner, exceed the lesser of (1) an amount equal to the aggregate investment by associations holding stock in the service corporation, or (2) 1% of the aggregate assets of those associations which hold stock in the corporation.

(c) If any association obligates itself in any way for the direct or contingent payment of a service corporation's debt, the amount of such obligation shall be included in the associations's investment and mortgage loan limitation.

(d) No officer, director or employee of a service corporation or association shall co-sign or otherwise become obligated for the payment of any service corporation debt.

(7) EXCEPTION. With the prior written consent of the commissioner, the provisions of subsections (5) and (6) shall not be applicable to any service corporation if the capital stock of the corporation is available solely for purchase on a uniform and

equitable basis by all associations with home offices in this state, and if no association owns more than 10% of the outstanding capital stock of such corporation.


(8) JOINT VENTURES. (a) All proposed joint ventures by savings and loan service corporations shall be presented to the commissioner for review prior to commencement. The commissioner shall have 15 business days from receipt in which to request additional information or take objection to the proposal. If the commissioner has taken no action within the allotted period the service corporation may proceed with the joint venture.

(b) The fact that the commissioner takes no supervisory objection to a joint venture shall not be construed as an approval of such venture, and a joint venture must conform to all applicable requirements of this section.

(c) No service corporation shall enter into a joint venture with an officer, director or employee of any savings and loan association or of any service corporation or with an organization other than a service corporation with which such person is affiliated without the prior approval of the commissioner.

(9) DIVESTITURE. Whenever an association or a service corporation is found to be in violation of section 24.06 or chapter 21, Wis. Adm. Code, or such other directives or guidelines as the commissioner shall adopt regarding investments in and loans to service corporations, the commissioner may issue an order to the parent association directing it to correct any violations on its part or to direct the service corporation to correct any violation on its part. The association or the service corporation shall have 60 calendar days unless further extended by the commissioner within which to comply with the commissioner's order. Prior to compliance the commissioner may require that a specific reserve be established in an amount not in excess of the greater of (1) the association's investment, or (2) the total amount of all losses which can reasonably be anticipated in connection with the investment.

IT IS FURTHER ORDERED, that Order No. 84 shall become a part of the Rules of the Commissioner of Savings and Loan, Wisconsin Administrative Code, effective the first day of the month following publication thereof in the Wisconsin Administrative Register for August, 1973, No. 212.


R. J. McMahon
Commissioner

This Order was approved by the Savings and Loan Review Board on July 11, 1973.