



STATE OF WISCONSIN

OFFICE OF COMMISSIONER OF SAVINGS AND LOAN

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ORDER NO. 128

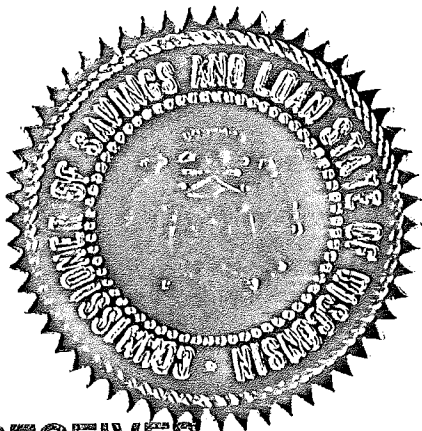
I, R. J. McMAHON, Commissioner of Savings and Loan and custodian of the official records of the Office of the Commissioner of Savings and Loan, do hereby certify that the annexed Order No. 128 relating to chartering savings and loan associations was duly approved and adopted by this office on October 27, 1983.

I further certify that that copy of the Order annexed hereto has been compared by me with the original on file in 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 this office in the City of Madison, this 15th day of December, 1983.

R. J. McMahon

 R. J. McMahon, Commissioner



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ORDER OF THE
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN
ADOPTING A RULE

ORDER NO. 128

WHEREAS, the rules embodied by this order were submitted to the Legislative Council staff as required under section 227.029 of the Wisconsin Statutes; and

WHEREAS, in accordance with section 227.021 of the Wisconsin Statutes official notice of a hearing on the rules embodied by this order was published in the Wisconsin Administrative Register of October 15, 1983; and

WHEREAS; pursuant to that notice a public hearing was held on October 27, 1983, at which a draft of the attached rule was the topic of discussion; and

WHEREAS, following that hearing a final draft of the rule was approved by the Commissioner of Savings and Loan and the Savings and Loan Review Board; and

WHEREAS, on October 28, 1983, the final draft of the rule was submitted to the presiding officers of the Senate and Assembly and was referred by those officers to the appropriate standing committee on November 2, 1983 and November 1, 1983 respectively, all in accordance with section 227.018 of the Wisconsin Statutes; and

WHEREAS, neither legislative standing committee has objected to any portion of the proposed rule and the time for so doing has expired;

Now, Therefore, pursuant to the authority vested in the Commissioner of Savings and Loan and the Savings and Loan Review Board by sections 215.02(7)(a), 215.02(18) and 227.014(2)(a), Stats., the Office of Commissioner of Savings and Loan hereby adopts a rule as follows:

ORDER OF THE OFFICE OF THE COMMISSIONER OF
SAVINGS AND LOAN REPEALING AND RECREATING A RULE

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AN ORDER amending S-L 4.04(2) and repealing and recreating section S-L 4.01 of the administrative code relating to chartering savings and loan associations.

Analysis of the Office of the Commissioner of Savings and Loan

Under sections 215.40 and 215.60 of the statutes the commissioner of savings and loan may approve and issue certificates of incorporation authorizing the organization of new stock or mutual savings and loan associations. This rule revises S-L 4.01 of the administrative code which establishes capital and savings account subscription minimum requirements. S-L 4.01 was last revised in 1974 and the capital and other requirements are now obsolete due to inflation and changes in the regulatory environment. Changes include the following:

1. Minimum capital and paid in additional capital required to organize a stock savings and loan association is established at \$1,000,000 if the population of the market area is less than 100,000 or \$2,000,000 if the population is 100,000 or more. Under the current rule capital requirements vary according to a schedule which ranges from minimum capital of \$200,000 for a market area with a population of less than 10,000 to minimum capital of \$1,000,000 for a market area located in the central business district of an area with a population over 500,000.
2. The rule permits organization of a stock savings and loan association with less than ten stockholders if the commissioner approves a lesser number and another corporation owns controlling interest in the association. The current rule requires at least ten stockholders.
3. The rule removes the requirement that organizers of stock savings and loan associations obtain a minimum amount of subscriptions to savings accounts from a minimum number of individuals.
4. The rule permits the commissioner to waive minimum capital and other requirements under chapter S-L 4 to permit the organization of an interim stock savings and loan association to facilitate the conversion of a stock savings and loan association to a holding company structure or to facilitate another transaction which is approved by the commissioner.
5. The rule requires organizers of a mutual savings and loan association to obtain subscriptions to not less than \$1,000,000 in savings accounts if the population of the market area is less than 100,000 or subscriptions to \$2,000,000 of savings accounts if the population of the market area is 100,000 or greater. The rule also requires that the savings account subscriptions be obtained from not less than 500 individuals and that an expense fund of 50% of the required savings be established. The current rule provides a schedule of minimum required savings account subscriptions which ranges from \$400,000 if the population of the market area is less than 10,000 to \$1,250,000 if the population of the market area is over 500,000. There is also a schedule of number of individuals from whom subscriptions must be obtained which ranges from 300 to 850.

Pursuant to the authority vested in the commissioner of savings and loan and the savings and loan review board by sections 215.02(7), 215.40, 215.60, and 227.014(2)(a), stats., the office of the commissioner of savings and loan hereby repeals and recreates a rule interpreting sections 215.40 and 215.60, stats., as follows:

SECTION 1. S-L 4.01 is repealed and recreated to read:

S-L 4.01 MINIMUM REQUIREMENTS FOR CAPITAL STOCK AND MUTUAL ASSOCIATIONS

(1) DEFINITIONS. In this section:

(1) "Association" means a mutual or stock savings and loan association.

(2) "Home office" has the meaning provided under s. 215.01(11), Stats.

(3) "Market area" means:

(a) The standard metropolitan statistical area if the home office of the association is to be located in a standard metropolitan statistical area; or

(b) The population of the county where the home office is to be located or the population of the area from which the association anticipates obtaining 75% of its savings accounts, whichever is greater, if the home office is not located in a standard metropolitan statistical area.

(2) CAPITAL STOCK ASSOCIATION. Except as provided by sub. (3) the commissioner of savings and loan may approve the organization of a stock association and issue a certificate of incorporation only if all of the following conditions are met:

(a) Stockholders pay to the association capital and additional paid-in capital totaling not less than \$1,000,000, if the population of the market area is less than 100,000; or not less than \$2,000,000 if the population of the market area is 100,000 or more.

(b) Not less than 10 persons subscribe for and are issued stock of the association, except the commissioner may approve fewer stockholders if a corporation subscribes for and is issued stock sufficient to control the stock association.

(c) The minimum dollar amount of savings account subscriptions and the number of persons subscribing, as required by the commissioner, are obtained.

(3) INTERIM STOCK ASSOCIATION. The commissioner may waive any portion of this chapter if the organization of a stock association is to facilitate the acquisition of 100 percent of the voting stock of an existing stock association by a newly formed or existing savings and loan holding company or to facilitate any other transaction which is approved by the commissioner and involves an existing stock association.

(4) MUTUAL ASSOCIATIONS. The commissioner of savings and loan may approve the organization of a mutual association and issue a certificate of incorporation only if:

(a) Subscriptions for savings accounts are obtained from not less than 500 persons; and

(b) Not less than \$1,000,000 in savings account subscriptions are obtained if the population of the market area is less than 100,000; or not less than \$2,000,000 if the population is 100,000 or more.

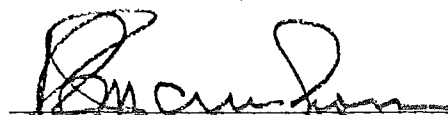
(5) ALLOCATION OF CAPITAL. The allocation of proceeds of the issuance of capital stock in the organization of an association between stock and additional paid-in capital is subject to approval by the commissioner of savings and loan. The commissioner shall consider the potential effect on the safety and soundness of the association in approving an allocation under this subsection.

SECTION 2. S-L 4.04(2) is amended to read:

S-L 4.04(2) MEMBERSHIP IN THE FEDERAL HOME LOAN BANK. The Except as provided by s. S-L 4.01(3), a proposed association shall not be granted a charter until it has made the necessary arrangements for membership in the federal home loan bank of Chicago.

SECTION 3. APPLICABILITY. This rule applies to all applications for incorporation of a savings and loan association pending on its effective date.

SECTION 4. EFFECTIVE DATE. This order takes effect on the first day of the month following its publication in the Wisconsin administrative register, as provided by s. 227.026(1)(intro.), Stats.


R. J. McMahon, Commissioner