

Office of Commissioner of Savings and Loan

STATE OF WISCONSIN)

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OFFICE OF COMMISSIONER OF SAVINGS AND LOAN)

CERTIFICATE

ORDER NO. 145

I, Harold N. Lee, Jr., 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. 145, relating to regulating savings banks and specifying procedures for the savings bank review board was adopted by the Office of the Commissioner of Savings and Loan.

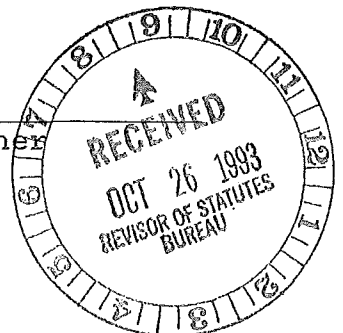
These rules shall become effective on the first day of the month following its publication in the Wisconsin Administrative register, pursuant to s. 227.22(2)(intro.), Stats.

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 25th day of October, 1993.



Harold N. Lee, Jr.
Harold N. Lee, Jr. Commissioner



Office of Commissioner of Savings and Loan

ORDER OF THE
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN
CREATING RULES

Relating to regulating savings banks and specifying procedures for the savings bank review board.

Analysis Prepared by the
Office of the Commissioner of Savings and Loan

See the multi-paged attachment for this analysis and for the full text of the rules.

Fiscal estimate. These rules will have no fiscal impact on the office of the commissioner of savings and loan. They will be administered by existing personnel and with existing resources under the agency's current operating budget.

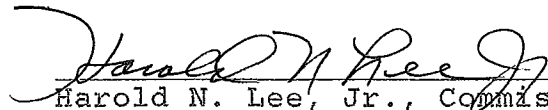
Small business flexibility statement. These rules will equally apply to all savings banks, including those covered by the definition of "small business" under s. 227.114(1)(a), Stats. This agency believes that none of the methods in s. 227.114(2), Stats., for reducing the impact of the rule on any savings bank which may fall under the definition of "small business" would be feasible. Doing so would be contrary to the overriding and contrary statutory objectives of ch. 214, Stats., of assuring the stability, safety and soundness of all savings banks established and regulated under ch. 214, Stats.

Pursuant to the authority vested in the commissioner of savings and loan by s. 214.715(1)(d), Stats., the commissioner hereby adopts chapters SB 1 to 18 and 20, relating to regulating savings banks and specifying procedures for the savings and loan review board.

Dated: October 25, 1993

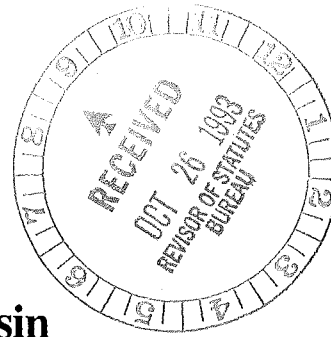
Attachments

OFFICE OF THE
COMMISSIONER OF SAVINGS AND LOAN


Harold N. Lee, Jr., Commissioner



Tommy G. Thompson
Governor



Harold N. Lee, Jr.
Commissioner

J. David Christenson
Deputy Commissioner

State of Wisconsin

Office of the Commissioner of Savings and Loan

4785 Hayes Road, Suite 202 • Madison, Wisconsin 53704-7365 • (608) 242-2180 • FAX# (608) 242-2187

Analysis Prepared by the Office of the Commissioner of Savings and Loan

Statutory authority: s. 214.715(1)(d), Stats. and other provisions of ch. 214 which are cited after subsection titles in these rules.

Statutes interpreted: Several provisions of ch. 214, Stats. which are cited after subsection titles in these rules.

Chapter 214, Stats. ("Savings banks") establishes a new type of depository institution called a "savings bank". Several statutes in this chapter of the statutes direct or authorize the commissioner of savings and loan to adopt rules which interpret or implement the statutes. These rules -- chs. SB 1 to 18 and 20 -- are adopted for those reasons.

These 19 chapters of rules largely correspond to the same chapter numbers of the rules relating to savings and loan associations for consistency of reference. For example, chapters S-L 5 and SB 5 deal with net worth requirements; and chapters S-L 9 and 10 and SB 9 and 10 provide "model" articles of incorporation and "model" bylaws.

The parallelism of the savings and loan chapters and savings bank chapters has two exceptions. First, ch. S-L 3 ("Uninsured associations") has no precise parallel in ch. SB 3 since all savings banks must have FDIC insurance. Secondly, ch. S-L 19 ("Savings and loan holding companies") has no parallel in ch. SB 19. The substance of the sole provision in ch. S-L 19 is included in ch. 214 (s. 214.01(1)(f), Stats.); ch. SB 19 is being left blank for any rule relating to holding companies which may be adopted.

Two additional chapters of rules are being adopted apart from these rules which cover specific, complex topics: ch. SB 21 ("Conversion from mutual to stock institutions") and ch. SB 22 ("Savings bank mutual holding companies").

Chapter SB 1 ("Definitions") contains a general statement that words and phrases are to be construed to their common and approved usage unless a result is contrary to statute or rule (s. SB 1.01). The definitions of ch. 214 are then adopted for these rules (s. SB 1.02). Additional definitions are then adopted for these rules (s. SB 1.03).

Chapter SB 2 ("General provisions") begins with a statement of purpose for the rules; generally, the purpose is to provide procedures and standards for regulating and operating savings banks which insure their safety and soundness (s. SB 2.01). Section SB 2.02 ("Safety and soundness") emphasizes the role of each board of directors to maintain oversight of policies of its institutions. The purpose and technical requirements for the format of supervisory orders of

Chapter SB 10 also sets out alternative optional provisions for (a) directors' age limitations (s. SB 10.03) and (b) anti-takeover provisions for mutual savings banks (s. SB 10.04).

Chapter SB 11 ("Real estate owned and other repossessed assets") provides that repossessed assets shall be placed on a savings banks' books at their estimated fair market value in accordance with generally accepted accounting principles. In addition, when real estate is repossessed, the savings bank shall have it appraised and, later, reappraised if there is a material change in its use or condition or if ordered by the commissioner.

Chapter SB 12 ("Remote service units") is a joint rule, the same language which has been adopted by the 3 depository institution regulators, applicable to savings and loan associations, credit unions and banks. The rule prescribes guidelines for setting up and operating remote service units (commonly referred to as "TYME machines").

Chapter SB 13 ("Loans") requires each savings bank's board of directors to adopt written policies to direct the institution's mortgage, consumer and commercial loan activities (s. SB 13.01). The rule then establishes requirements for mortgage loans (s. SB 13.02). Section SB 13.03 preapproves several commonly used indexes for variable rate loans (s. SB 13.03) for which the commissioner's approval is required by statute. The rule also identifies types of permissible consumer loans (s. SB 13.04) and commercial loans (s. SB 13.05) and requires each savings bank to establish a policy addressing specifics relating to both types of loans (ss. SB 13.04(2) and 13.05(3)).

Chapter SB 14 ("Real estate investments") defines permissible real estate investment for a savings bank, requires the commissioner's approval and provides 2 conditions which must be met for such an investment before the commissioner would approve an investment.

Chapter SB 15 ("Investments in service corporations or subsidiary") partially defines a savings bank's "investment" in a service corporation or subsidiary, specifies the conditions for making an investment, lists the application contents and factors which the commissioner will consider in his approval.

Chapter SB 16 ("Authorized activities of savings banks") enumerates several powers of savings banks. For example, savings banks may serve as federal tax depositories, charge fees in connection with deposit accounts, invest in government obligations, serve as trustee of individual retirement accounts and Keogh plan accounts, maintain money market accounts, accept assets in satisfaction of a bad debt or in trade for repossessed property, and sell noninsured financial products under limited circumstances (s. SB 16.01). The rule also authorizes a savings bank which makes an investment or loan which may be classified under more than one statute or rule category (ex., educational, personal, or auto loan) to designate the authority under which the loan or investment were made.

Chapter SB 17 ("Trust powers") describes the information a savings bank must provide to the commissioner to apply for trust powers. The duties, powers, responsibilities and prohibitions of the institution in exercising trust powers are specified.

FISCAL ESTIMATE
DOA-2048 (R10/92)

- ORIGINAL
- CORRECTED
- UPDATED
- SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
Adm. Rule Chs. SB 1-20
Amendment No. if Applicable

Subject
Regulating savings banks and specifying procedures for the savings bank review board

Fiscal Effect:

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Decrease Costs

Local: No local government costs

- 1. Increase Costs
 - Permissive Mandatory
- 2. Decrease Costs
 - Permissive Mandatory

- 3. Increase Revenues
 - Permissive Mandatory
- 4. Decrease Revenues
 - Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others _____
 - School Districts VTAE Districts

Fund Sources Affected
 GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

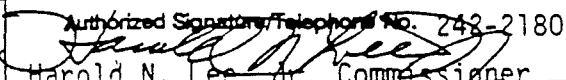
Assumptions Used in Arriving at Fiscal Estimate

This rule will have no fiscal impact on the office of the commissioner of savings and loan. It will be administered with existing personnel and resources under the current agency operating budget.

Long-Range Fiscal Implications

None are anticipated at this time.

Agency/Prepared by: (Name & Phone No.) 242-2180
Office of Commissioner of S&L

Authorized Signature/Telephone No. 242-2180

 Harold N. Lee, Jr. Commissioner

Date
3/12/93

TABLE OF CONTENTS

<u>Chapter</u>	<u>Title</u>
SB 1	Definitions
SB 2	General provisions
SB 3	Surety bonds; conflicts of interest; liquidity; and appraisal standards
SB 4	Annual statements
SB 5	Net worth requirements
SB 6	Records management, retention and destruction
SB 7	Employment contracts & compensation
SB 8	Fairness in lending
SB 9	Articles of incorporation
SB 10	Bylaws
SB 11	Real estate owned and other repossessed assets
SB 12	Remote service units
SB 13	Loans
SB 14	Real estate investments
SB 15	Investments in service corporations or subsidiary
SB 16	Authorized activities of savings banks
SB 17	Trust powers
SB 18	Requirements to organize a new savings bank
SB 20	Appeals to the review board
SB 21	Conversion from mutual to stock institution
SB 22	Savings bank mutual holding companies

CHAPTER SB 1

DEFINITIONS

SB 1.01 Construction of language.

SB 1.02 Adopt statutory definitions.

SB 1.03 Definitions.

SB 1.01 CONSTRUCTION OF LANGUAGE. In chs. SB 1 to 22, unless otherwise indicated, all words and phrases shall be construed according to their common and approved usage unless such construction would produce a result inconsistent with the manifest intent of the legislature in enacting ch. 214, Stats., or of the commissioner and the review board in adopting these rules.

SB 1.02 ADOPT STATUTORY DEFINITIONS. In chs. SB 1 to 22, unless otherwise indicated, words and phrases shall have the meanings specified in ss. 214.01 and 990.01, Stats.

SB 1.03 DEFINITIONS. In chs. SB 1 to 22, unless otherwise indicated:

(1) "Association" means a savings and loan association organized under ch. 215, Stats. or doing business in this state under s. 215.33, Stats.

(2) "Commercial loan" means a secured or unsecured loan to a person for business, corporate, commercial or agricultural purposes.

NOTE: The authority for savings banks to make commercial loans is s. 214.485(8), Stats.

(3) "Consumer loan" means a secured or unsecured loan, or an interest in a loan, made to a natural person for a personal, family or household purpose. "Consumer loan" includes a loan reasonably incident to lending for a personal, family or household purpose but does not include a loan to a natural person

denominator of which is the savings bank's assets.

(10) "Repossessed", in ch. SB 11 and s. SB 16.01(12), means acquired by purchase, exchange, surrender or otherwise as may be necessary to protect or enforce a savings bank's or a subsidiary's security interest or to collect claims or debts owed to either.

(11) "Subsidiary" means any business in which a savings bank directly or indirectly owns an interest, and includes a service corporation, partnership, joint venture and a company or business in which a savings bank indirectly owns an interest through another subsidiary or a series of subsidiaries.

CHAPTER SB 2

GENERAL PROVISIONS

SB 2.01 Purpose

SB 2.02 Safety and soundness

SB 2.03 Supervisory orders

SB 2.04 Commissioner's authority

SB 2.05 Complaints against savings banks

SB 2.06 Communications with members

SB 2.01 PURPOSE. The purpose of chs. SB 1 to 22 is to provide rules and procedures for the organization, incorporation, examination, operation, regulation and supervision of savings banks, giving primary consideration to protecting the safety and soundness of these financial institutions operating in this state. Lending and investment authorities provided under statutes and rules are intended to provide savings banks the necessary flexibility to accept deposits and make loans and investments under ch. 214, Stats.

SB 2.02 SAFETY AND SOUNDNESS. (ss. 214.345 and 214.715, Stats.) Subject to supervision by the commissioner, the board of directors of each savings bank shall assure that the savings bank operates in a safe and sound manner, adhering to sound business practices, applicable state and federal statutes, state rules and federal regulations.

SB 2.03 SUPERVISORY ORDERS. (ss. 214.715(1)(a) and (c) and 214.74, Stats.) (1) PURPOSE. To carry out the commissioner's supervisory responsibilities, the commissioner may issue a supervisory order when he or she determines that a savings bank or a savings bank holding company, subsidiary, service corporation or affiliate is:

(5) REQUIRE ACTION ON UNDERSECURED REAL ESTATE LOANS. (a)

If the commissioner determines that the current market value of the real estate collateral and any other collateral which is acceptable security for a mortgage loan is less than the outstanding balance of the loan, require the savings bank to:

1. Obtain additional collateral acceptable to the commissioner;
2. Reduce the book value of the loan to the current market value of the acceptable collateral; or
3. Establish a valuation reserve reflecting the difference between the outstanding balance of the mortgage loan and the current market value of the acceptable collateral.

(b) For purposes of this section, the commissioner shall accept collateral of the kind specified in s. SB 13.02(3)(d)4 and may accept such other collateral as he or she deems appropriate.

(6) EXAMINATIONS AND REPORTS. Examine holding companies, subsidiaries, service corporations or affiliates and require them to file reports of their financial condition when requested.

(7) OTHER ACTION. Take or direct such other action with regard to the safety and soundness of a savings bank as is consistent with the authority of the commissioner under ch. 214, Stats.

SB 2.05 COMPLAINTS AGAINST SAVINGS BANKS. (s. 214.715(1)(a) and (c), Stats.) (1) WHERE TO COMPLAIN. Any person with a complaint against a savings bank who has been unable to satisfactorily resolve it after discussing it with the management of the savings bank may file a written complaint with the commissioner.

(2) CONTENTS OF COMPLAINTS. Written complaints to the commissioner shall

conclusions of law, and may make such orders as he or she deems just, reasonable and appropriate.

(d) If, after investigation, the commissioner finds no probable cause or refers the complaint for action by another person or agency, he or she shall so notify the complainant and the savings bank.

SB 2.06 COMMUNICATIONS WITH MEMBERS. (s. 214.37(5), Stats.) (1) RIGHT TO COMMUNICATE. Each member of a mutual savings bank may communicate with other members of the savings bank with reference to any question pending or to be presented at an annual or special meeting.

(2) REQUEST TO THE SAVINGS BANK. A member wishing to communicate with other members may request the savings bank in writing to provide the member with the approximate number of members of the savings bank and the estimated cost that would be incurred by the savings bank in handling and mailing a proposed communication. The savings bank shall reply within 5 business days after receipt of the request.

(3) NOTICE TO COMMISSIONER. A member wishing to communicate with other members shall submit to the commissioner a signed request containing:

1. The requester's full name and address.
2. The nature and extent of his or her interest in the savings bank.
3. A statement of the meeting date, a copy of the communication, and reason for or the purpose of the communication requested.

(b) The request in par. (a) shall be furnished to the commissioner not less than 10 days before the meeting at which the subject of the communication is to be presented for consideration.

(4) COMMISSIONER'S REVIEW. If the commissioner finds the communication not appropriate or accurate, the commissioner shall, within 5 business days after the receipt of the request, notify the requester of the commissioner's

CHAPTER SB 3

SURETY BONDS; CONFLICTS OF INTEREST;
LIQUIDITY; AND APPRAISAL POLICIES

Subchapter I: Surety bonds

SB 3.01 Bonds required; form and amount

SB 3.02 Bonds for agents

Subchapter II: Conflict of interest

SB 3.03 Conflicts of interest prohibited

SB 3.04 Corporate opportunities

SB 3.05 Directors, officers and employes

SB 3.06 Restrictions on loans, other investments and property
transactions involving affiliated persons

SB 3.07 Annual reports on interests and involvements in business ventures

Subchapter III: Liquidity

SB 3.08 Liquidity

Subchapter IV: Appraisal policies and practices

SB 3.09 Duty of institution.

SUBCHAPTER I: SURETY BONDS

SB 3.01 BONDS REQUIRED; FORM AND AMOUNT. (s. 214.34, Stats.) (1) BOND

insured by the FDIC.

NOTE: This section parallels 12 C.F.R. s. 191 adopted by the federal Office of Thrift Supervision for savings and loan associations.

SUBCHAPTER II

CONFLICTS OF INTEREST

SB 3.03 CONFLICTS OF INTEREST PROHIBITED. (ss. 214.335 and 214.345, Stats.) (1) POLICY. The commissioner has a paramount interest in the prevention and elimination of practices and conditions which may adversely affect the interests of members in savings banks, the soundness of savings banks, the provision of economical home financing and other credit for residents of this state, and the accomplishment of the other purposes of ch. 214, Stats. and rules adopted under it.

(2) FIDUCIARY RESPONSIBILITIES. Among the practices and conditions which shall be avoided or eliminated are conflicts between the accomplishment of the purposes of ch. 214, Stats., and the personal financial interests of directors, officers, employes and other affiliated persons of savings banks. Conflicts of this type are considered to be inherently unsafe and unsound practices and conditions. The commissioner accordingly holds that each director, officer, employe or other affiliated person of a savings bank has a fundamental duty to avoid placing himself or herself in a position which may create a conflict of interest or the appearance of a conflict of interest.

(3) CONFLICTS PROHIBITED. The commissioner recognizes that it is impossible to define every practice or condition which falls within the broad concept of objectionable conflicts of interest. The commissioner has, nevertheless, adopted ss. SB 3.04 to 3.07 to limit or prohibit certain types of conflicts of interest to implement the purposes of ch. 214, Stats. However,

214.345, Stats.) (1) COMPOSITION OF BOARD OF DIRECTORS. (a) Requirement. The composition of a savings bank's board of directors is limited as follows:

1. A majority of the directors may not be salaried officers or employees of the savings bank or of any subsidiary or, except in the case of a savings bank having 50% or more of any class of voting shares owned by a holding company.

2. Members of the same immediate family may not constitute a majority of a board of directors.

3. No 2 or more directors may be attorneys practicing with or employed by the same law firm.

(b) Prospective application. If a savings bank's board of directors does not conform with par. (a) on the effective date of this section ...[revisor inserts date], the service of any person serving on the board of directors on that date, including service through re-election and re-appointment, may not be interrupted.

(2) OTHER EMPLOYMENT. No savings bank or subsidiary may permit any salaried officer or employe to work during the hours of his or her employment by the savings bank or subsidiary for any affiliated person of the savings bank unless the affiliated person compensates the savings bank or subsidiary for the time during which the officer or employe is engaged in the work.

NOTE: This section parallels 12 C.F.R. s. 563.33, an OTS regulation applying to savings and loan associations.

SB 3.06 RESTRICTIONS ON LOANS, OTHER INVESTMENTS, AND PROPERTY TRANSACTIONS INVOLVING AFFILIATED PERSONS. (1) RESTRICTIONS ON LOANS AND OTHER TRANSACTIONS WITH AFFILIATED PERSONS. (a) No savings bank or subsidiary may, either directly or indirectly, make a loan to any person affiliated with the savings bank under s. 214.01(2), Stats., or purchase such a loan, except for

1. The savings bank's current cost of funds, including the elements of its computation.

2. A justification of the more favorable rate, if the loan is to an affiliated person other than a salaried officer or employe of the savings bank or its subsidiary.

(d) With respect to a loan under par. (b) to a salaried officer or employe of the savings bank or its subsidiary, the approval requirement of par. (c) will be satisfied if the loan conforms with a blanket-preapproval resolution of the board specifying the terms on which loans may be made to all officers or employes, or a class of officers or employes, and the loan documents set forth the savings bank's current cost of funds, including the elements of its computation. A savings bank may not use a blanket-preapproval resolution to make loans under par. (a) 3 to an affiliate in excess of \$100,000 in the aggregate.

(e) A savings bank may extend credit for commercial purposes to an affiliated person which may not exceed an aggregate of \$100,000. This extension of credit shall not involve more than the normal risk of collectibility or present other unfavorable features, and shall be at terms, amount, and interest rate substantially the same as those prevailing at the same time for comparable loans made to members of the general public of similar credit status. A savings bank shall comply with par. (d) with respect to any extensions of commercial credit exceeding an aggregate amount of \$10,000. A savings bank shall, at the time of approval by the board of directors, notify the commissioner of the transaction and all other outstanding extensions of commercial credit to the affiliated person.

(f) No savings bank or subsidiary may invest, either directly or indirectly, in the stock, bonds, notes, or other securities of any affiliate of the savings bank.

commissioner under subch. XI of ch. 214, Stats.

(4) RESTRICTIONS. No savings bank or subsidiary may, directly or indirectly, purchase or lease from, jointly own with or sell or lease to an affiliate of the savings bank any interest in real or personal property unless the transaction is determined by a majority of the savings bank's board of directors to be fair to, and in the best interest of, the savings bank or subsidiary.

(5) CONDITIONS. Transactions permitted under sub. (4) shall:

(a) Be supported by an independent appraisal not prepared by an affiliate, affiliated person, or employe of the savings bank or subsidiary; and,

(b) Be approved in advance by a resolution indicating that the terms of the transactions are fair to, and in the best interests of, the savings bank or subsidiary. The resolution shall be adopted with full disclosure by at least a majority of the entire board of directors with no director having an interest in the transaction voting on the resolution of the savings bank or subsidiary or alternatively by a majority of the total votes eligible to be cast by the voting members of the savings bank at a meeting called for the purpose, with no votes cast by proxies not solicited for the purpose. In this subsection, "full disclosure" includes the affiliated person's source of financing for the real property involved in the transaction, including whether the savings bank or any subsidiary has a deposit relationship with any financial institution or holding company affiliate thereof providing the financing.

NOTE; This rule parallels 12 C.F.R. s. 563.43, an OTS regulation applying to savings and loan associations.

SB 3.07 ANNUAL REPORTS ON INTERESTS AND INVOLVEMENTS IN BUSINESS VENTURES

(s. 214.345(2), Stats.) (1) DEFINITIONS. In this section:

directors, a sworn statement containing the information required by sub. (3). Each officer, director, and employe, other than persons serving solely as an advisory director, shall provide such a statement and shall disclose any new reportable interest to the board within one month after its acquisition.

(3) INTEREST TO BE DISCLOSED. The statement required by sub. (2) shall identify for each director, officer and employe and his or her spouse and persons treated as dependents under s. 151 (c) of the federal internal revenue code:

(a) Their reportable interests; and

(b) Each position they hold as a director, officer or salaried employe of a business venture.

(4) VALUATION OF REPORTABLE INTERESTS. In determining whether an interest is reportable under sub. (3):

(a) The value of unlisted securities traded in the over-the-counter market is the average of the bid and asked price.

(b) The value of securities for which no market information is readily available is:

1. For common stock or equivalent securities, net worth divided by the number of outstanding voting shares times the number of shares held.

2. For preferred stock, redemption price, or par or stated value if not redeemable.

3. For debt securities, the unpaid balance.

4. For an interest in the capital of a partnership, the net worth of the

by the savings bank. These standards must comply with the "Uniform Standards of Professional Appraisal Practice" or any other standards deemed appropriate by the commissioner.

NOTE: A copy of the document captioned "Uniform Standards of Professional Appraisal Practice" is available at the office of the commissioner, the secretary of state and the revisor of statutes. A copy may be obtained by writing The Appraisal Standards Board of the Appraisal Foundation, 1029 Vermont Ave., N.W., Suite 900, Washington, D.C. 20005. The document is also set out as Appendix I to ch. RL 86, Wis. Adm. Code.

CHAPTER SB 4

ANNUAL STATEMENTS

SB 4.01 Annual printed statements.

SB 4.02 Method of preparation.

SB 4.03 Publication requirement.

SB 4.01 ANNUAL PRINTED STATEMENTS. (s. 214.76(5)(b), Stats.) (1) FORM AND CONTENT. The printed statement of condition and operations required by s. 214.76(5)(b), Stats., shall be in substantially the following form and shall contain, at a minimum, the following information: [See Figure SB 4.01(1)]

Figure SB 4.01(1)

STATEMENT OF OPERATIONS

Interest and Dividend Income:	Income before General & Ad-
Cash & Securities.....\$ _____	ministrative Expenses, Taxes
Mortgage Loans & Mortgage	& Extraordinary Items.....\$ _____
Securities..... _____	
Other Loans..... _____	General & Administrative
Total Interest &	Expenses:
Dividends.....\$ _____	
	Compensation & Benefits....\$ _____
Interest Expense:	Advertising & Promotion.... _____
Deposits & Escrow.....\$ _____	Office Occupancy &
Borrowings..... _____	Equipment..... _____
Total Interest Expense...\$ _____	Audit/Exam/FSLIC..... _____
	Other..... _____
Net Interest Income.....\$ _____	Total General & Admin.
	Expenses.....\$ _____
Provisions for and Actual	Income before Income Taxes
Losses on Loans and	and Extraordinary items...\$ _____
Repossessed Assets.....\$ _____	
Net Interest Income after	Income Taxes.....\$ _____
Losses and Provisions for	
Losses.....\$ _____	Income before Extraordinary
	Items.....\$ _____
Other Income:	
	Extraordinary Items.....\$ _____
Loan Fees & Charges.....\$ _____	
Investment Security Gains	NET INCOME (LOSS).....\$ _____
(Losses)..... _____	
Sale of Loans Gains	
(Losses)..... _____	
Net Income (Loss) from	
Subsidiaries..... _____	
Other Income (Loss)..... _____	
Total Other Income.....\$ _____	

STATEMENT OF CONDITION

ASSETS	LIABILITIES AND NET WORTH
Cash & Securities.....\$ _____	Deposit Accounts.....\$ _____
Mortgage Loans..... _____	Borrowed Funds..... _____
Mortgage Backed Securities. _____	Tax & Insurance Escrow..... _____
Non-Mortgage Commercial	Other Liabilities..... _____
Loans..... _____	Total Liabilities.....\$ _____
Consumer Loans..... _____	Capital Stock &
Gen. Valuation Allowances (_____)	Surplus.....\$ _____
Real Estate Owned &	Retained Earnings _____
Judgments..... _____	Total Net Worth _____ \$ _____
Other Repossessed Assets... _____	TOTAL _____ \$ _____
Equity Investment in	
Subsidiaries..... _____	
Real Estate Investments.... _____	
Office Properties &	
Equipment..... _____	
Intangible Assets..... _____	
Other Assets..... _____	
TOTAL _____ \$ _____	

(2) DELETION OF CERTAIN PRESCRIBED CATEGORIES. If the balance in any category prescribed under sub. (1) is zero, that category need not be shown in the statement.

SB 4.02 METHOD OF PREPARATION. (s. 214.76(5)(b), Stats.) (1) ALL SAVINGS BANKS. Each statement of condition and operations required under s. 214.76(5)(b), Stats., shall be prepared in accordance with generally accepted accounting principles.

(2) MUTUAL SAVINGS BANKS. In the case of a mutual savings bank, unless "net income" equals the difference between "total net worth" at the end of the period and "total net worth" at the beginning of the period, the statement of condition and operations shall include:

(a) A clearly readable explanation of material adjustments to the net income of prior periods; or

(b) A restated statement of operations for the affected periods.

(3) NATIONAL INDUSTRY STANDARD. The commissioner may require savings banks to prepare statements of condition and operations according to an accounting practice or standard which does not comply with generally accepted accounting principles if the practice or standard is generally used and accepted nationally for mutual or stock savings banks or similar financial institutions as indicated by one or more of the following:

(a) The accounting practice or standard is used by a substantial portion of the savings bank industry nationally; or

(b) The accounting practice or standard is accepted or required by the federal deposit insurance corporation or the securities and exchange commission.

(4) FORMS MODIFIED. The commissioner may modify the form prescribed in s. SB 4.01 to reflect an accounting practice or standard adopted under sub.

(3).

(5) WHEN AVAILABLE. Each savings bank shall make available to all members or stockholders and potential members or stockholders the printed statement of condition and operations provided under s. 214.76(5)(b), Stats., not later than 5 days before the annual meeting of members or stockholders.

SB 4.03 PUBLICATION REQUIREMENT. (s. 214.76(5), Stats.) The annual report as submitted to the commissioner under s. 214.76(5), Stats., is designated as the condensed form of the annual report which shall be published as a class 1 notice under ch. 985, Stats., in the community in which the savings bank maintains its home office. In addition, the notice shall be published in each community in which a savings bank has a branch office or a limited office, in a newspaper of general circulation in that community. Proof of publication of this condensed form shall be submitted to the commissioner within 60 days after the date of the report.

4. Prevent the savings bank from making specified investments, including investments under ch. SB 13, 14 or 15, and investments otherwise permitted under ss. 214.485 and 214.49, Stats.

5. Prevent the savings bank from filing applications for branch or limited offices.

6. Prevent the savings bank from opening customer deposit accounts of any specified class, category or amount, or at any specified interest rate.

7. Prevent the savings bank from accepting additions to existing deposit accounts, except under conditions as may be specified by the commissioner.

(b) Additional measures pertaining to stock savings banks. Unless the savings bank receives the commissioner's prior written approval, no stock savings bank may pay a dividend to stockholders or otherwise distribute any profits when its net worth ratio is, or if upon such payment or distribution would be, below that required under sub. (1).

SB 5.02 OTHER POWERS RETAINED. (s. 214.715(1) Stats.) Nothing in this chapter shall limit the commissioner's authority to take other remedial measures as he or she may deem necessary to safeguard the interests of the public, depositors and the savings bank.

center or records management service, the center or service shall agree in writing to comply with the requirements of this chapter and to produce the savings bank's records in a timely fashion for inspection by the commissioner upon request.

SB 6.03 DESTRUCTION OF RECORDS. (s. 214.75(4), Stats.) Except where a longer retention period is required by another state or federal agency having jurisdiction over the savings bank, a savings bank may destroy its records at the end of the applicable minimum retention period determined under s. SB 6.01. In the destruction of records, the savings bank shall take reasonable precautions to assure the confidentiality of information in the records.

SB 6.04 CLERICAL AND ACCOUNTING SERVICES. (s. 214.75(1), Stats.) Upon specific authorization of its board of directors, a savings bank may perform any of the following services for itself, whether on or off its premises, or by another person for a fee, if assurances satisfactory to the commissioner are furnished to the commissioner by both the savings bank and the party performing the services that performance will be subject to regulation and examination by the commissioner to the same extent as if the services were performed by the savings bank on its own premises:

(1) The posting of payments, withdrawals, computation and distribution of earnings on accounts.

(2) The posting of entries, payments and credits on accounts of borrowers, the computation of interest and other charges on these accounts and the determination of the contractual status of these accounts.

(3) The preparations and mailing of checks, statements, notices and similar items.

CHAPTER SB 5
NET WORTH REQUIREMENTS

SB 5.01 Net worth requirement

SB 5.02 Other powers retained

SB 5.01 NET WORTH REQUIREMENT. (s. 214.40 and 214.43, Stats.) (1) REQUIRED LEVEL. (a) General provision. Except as provided in par. (b), a savings bank shall at all times maintain a net worth ratio in an amount not less than 6.0%.

(b) Exceptions. The commissioner may require a savings bank to maintain a net worth ratio higher than that specified in par. (a) if the commissioner determines that the nature of the savings bank's operations otherwise entails a risk requiring a greater net worth ratio to assure the savings bank's stability.

(2) ACTIONS TO RE-ESTABLISH COMPLIANCE. (a) Generally. If a savings bank's net worth ratio falls below the level required by sub. (1), the commissioner may, by order issued under s. SB 2.03, direct the savings bank to adhere to a specific written plan established by the commissioner to correct the savings bank's net worth ratio deficiency. In addition to any other provisions, the plan may:

1. Require the savings bank to maintain a level of liquidity specified by the commissioner higher than the requirement of s. SB 3.08.

2. Require the savings bank to cease or limit specified expenditures.

3. Prevent the savings bank from originating or purchasing loans of one or more types.

CHAPTER SB 6

RECORDS MANAGEMENT, RETENTION AND DESTRUCTION

SB 6.01 Retention of records

SB 6.02 Records management

SB 6.03 Destruction of records

SB 6.04 Clerical and accounting services

SB 6.05 Recordkeeping standards

SB 6.01 RECORDS RETENTION REQUIREMENTS. (s. 214.75 (4), Stats.) Each savings bank shall retain its records in a manner consistent with prudent business practices and in accordance with this chapter and the applicable rules of state agencies and regulations of federal agencies. Each savings bank shall retain its records for the minimum period specified in the technical publication of the Financial Managers Society, Inc. of Chicago, Illinois, titled "Records Retention Guidelines" and dated 1992.

NOTE; The material incorporated in this rule may be obtained from the Financial Managers Society, Inc., 8 South Michigan Avenue, Suite 500, Chicago, IL. 60603-3307 (phone: (312) 578-1300). A copy is on file at the office of the commissioner, the secretary of state and the revisor of statutes.

SB 6.02 RECORDS MANAGEMENT. (s. 214.75(1), Stats.) (1) DESIGNATION OF RECORDS MANAGER. The board of directors of each savings bank shall by resolution designate one employe responsible for the supervision and management of the savings bank's program for the preservation, retention and destruction of records under this chapter and the applicable requirements of the internal revenue service and other government agencies.

(2) RECORDS MANAGEMENT. If a savings bank utilizes a records storage

(4) Any other clerical, bookkeeping, accounting, statistical or similar functions.

SB 6.05 RECORDKEEPING STANDARDS. (s. 214.75(1) and (5), Stats.) (1)
MICROPHOTOGRAPHY STANDARDS. Microphotography may be used to commit a savings bank's records to microfilm. The film used shall be of a quality which permits it to be legible for at least the retention periods under s. SB 6.01.

(2) AVAILABILITY FOR EXAMINATION. The savings bank shall provide, at its expense, any facilities, equipment or services necessary to enable the commissioner to conveniently examine and reproduce individual records.

CHAPTER SB 7
EMPLOYMENT CONTRACTS AND COMPENSATION

SB 7.01 Employment contracts.

SB 7.02 Director compensation.

SB 7.03 Other plans.

SB 7.01 EMPLOYMENT CONTRACTS. (ss. 214.342 and 214.345, Stats.) A savings bank may enter into an employment contract with its officer or employe. No employment contract may exceed 5 years in duration.

7.02 PLANS FOR THE DEFERRAL OF EARNED INCOME. (s. 214.345(7), Stats.) a savings bank may contract with any of its officers, directors or employes to defer payment of a portion of current income to a later date if the remuneration is currently earned and the deferral is charged to current earnings and is reflected as a savings bank liability.

SB 7.03 OTHER PLANS. (s. 214.345, Stats.) (1) Except as provided by s. SB 7.02 and sub. (2), a savings bank may enter into a pension plan or deferred compensation agreement, or otherwise provide retirement benefits, for active full-time directors, officers or employes only if the commissioner and the review board give prior specific approval of each plan or agreement.

(2) Full-time officers and employes of a savings bank's subsidiaries, service corporation or affiliate may be included under a savings bank's pension plan or deferred compensation agreement if the subsidiary, service corporation or affiliate pays its pro rata share of costs incurred.

CHAPTER SB 8

FAIRNESS IN LENDING

SB 8.01 Purpose

SB 8.02 Certain underwriting practices prohibited

SB 8.03 Discrimination prohibited

SB 8.04 Right to submit loan applications

SB 8.05 Written notice to borrower required for denial of loan applications

SB 8.06 Fairness in lending notice

SB 8.01 PURPOSE. (ss. 138.20 and 214.715(1)(a), Stats.) The purpose of this chapter is to require savings banks to provide each applicant an equal opportunity to obtain a loan by evaluating the applicant's creditworthiness on an individual basis without referring to presumed characteristics of an applicant, a group or a neighborhood.

SB 8.02 CERTAIN UNDERWRITING PRACTICES PROHIBITED. Unless required by state or federal law, including ch. 766, Stats., or by state rules or federal regulations, no savings bank may utilize an underwriting practice that does any of the following:

(1) Fails to consider all of the regular and dependable income of each person who will become obligated for payment of the debt.

(2) Varies the terms or criteria of the extension of credit on the basis of the child-bearing capacity of an applicant or an applicant's spouse.

(3) Utilizes lending standards that have no economic basis and are discriminatory in effect.

SB 8.03 DISCRIMINATION PROHIBITED. (s. 138.20, Stats.) (1) PROHIBITED BASES OF DISCRIMINATION. No savings bank may, on the grounds of an

applicant's physical condition, developmental disability as defined in s. 51.01(5), Stats., sex, marital status, race, color, creed, national origin, religion or ancestry:

(a) Deny a person any form of loan or credit service.

(b) Provide a person with any loan or credit service which is different from, or is provided in a different manner than, that provided other persons similarly situated.

(2) **DISCRIMINATION BY LOCATION OF SECURITY.** No savings bank may deny or vary the terms of a written loan application on the grounds that the real estate proposed as security for a mortgage loan is located within a given geographic area.

(3) **ENFORCEMENT.** In the enforcement of this section, the commissioner shall consider business judgments made to achieve genuine business, economic or social policy needs, including:

(a) Diversification of a savings bank's investment portfolio.

(b) Operating within the scope of a savings bank's lending experience.

(c) Requiring that the terms of a mortgage loan be such that the amortization of the debt is not less than any reasonably anticipated decline in the value of real property securing the loan.

(d) Complying with state or federal laws or the rules or regulations of a state or federal agency.

SB 8.04 RIGHT TO SUBMIT LOAN APPLICATIONS. No savings bank may deny an individual an opportunity to submit a written loan application except:

(1) A savings bank may require the application to be accompanied by a loan application fee, when such a fee is charged by the savings bank in the regular course of business.

(2) A savings bank may require the application to be on a form prepared by

the savings bank or accepted by the savings bank for its use.

(3) A savings bank may require an application for a purchase money mortgage to be accompanied by the applicant's accepted offer to purchase the subject property.

(4) A savings bank is not required to accept a loan application for a type of loan which the savings bank does not extend.

SB 8.05 WRITTEN NOTICE TO BORROWER REQUIRED FOR DENIAL OF LOAN APPLICATIONS. There shall be a presumption of discrimination, in violation of s. SB 8.03, if a loan application is rejected or the loan commitment contains terms other than those originally applied for and the reason for the rejection or modification is not indicated to the applicant in writing. This section does not apply if notice of denial is given under federal law.

SB 8.06 FAIRNESS IN LENDING NOTICE. Each savings bank shall maintain in a conspicuous place in each of its offices, for free distribution to the public, a notice adequately describing the savings bank's obligations under this chapter to persons who apply or wish to apply for loans. The form and content of the notice shall be prescribed or approved by the commissioner.

CHAPTER SB 9

ARTICLES OF INCORPORATION

- SB 9.01 Articles of incorporation of a mutual savings bank
- SB 9.02 Articles of incorporation of a capital stock savings bank

SB 9.01 ARTICLES OF INCORPORATION A OF MUTUAL SAVINGS BANK. (s. 214.25(1), Stats.) The following form of articles of incorporation is approved for use by each state chartered mutual savings bank:

ARTICLES OF INCORPORATION
OF

(full name of savings bank)
a Wisconsin mutual savings bank

Article 1. The name of the savings bank is _____.

Article 2. The purpose of the savings bank is to engage in any lawful activity within the purposes for which a mutual savings bank may be organized and operated under Chapter 214 of the Wisconsin Statutes.

Article 3. The capital of the savings bank is unlimited.

Article 4. The number of directors shall be fixed by bylaw, but may not be less than five.

Article 5. Membership in the savings bank is governed by Chapter 214 of the Wisconsin Statutes.

Article 6. The address of the savings bank's home office at the time of adoption of these articles is _____.

Article 7. The names and addresses of the incorporators are: [for a new savings bank only]

SB 9.02 ARTICLES OF INCORPORATION OF A CAPITAL STOCK SAVINGS BANK. (s. 214.25(1), Stats.) The following form of articles of incorporation is approved for use by each stock savings bank:

ARTICLES OF INCORPORATION
OF

(full name of savings bank)

a Wisconsin capital stock savings bank

Article 1. The name of the savings bank is _____.

Article 2. The purpose of the savings bank is to engage in any lawful activity for which a capital stock savings bank may be organized and operated under Chapter 214 of the Wisconsin Statutes.

Article 3. The savings bank is authorized to issue _____ shares of common stock having a par value of \$_____ per share.

Article 4. Voting rights shall be vested exclusively in the savings bank's stockholders.

Article 5. The number of directors shall be fixed by bylaw, but may not be less than five.

Article 6. The address of the savings bank's home office at the time of adoption of these articles is _____.

Article 7. The names and addresses of the incorporators are: [for a new savings bank only]

CHAPTER SB 10

BYLAWS

- SB 10.01 Bylaws of a mutual savings bank
- SB 10.02 Bylaws of stock savings banks
- SB 10.03 Optional board of directors' maximum age limitations
- SB 10.04 Optional anti-takeover provisions for mutual savings banks

SB 10.01 BYLAWS OF A MUTUAL SAVINGS BANK. (s. 214.255(1), Stats.) The following form of bylaws is approved for use by each mutual savings bank:

BYLAWS OF THE

(Full name of savings bank)

1.01 HOME OFFICE. The home office of the savings bank is located at _____
_____ in _____ County, Wisconsin.

2.01 MEMBERSHIP. Each person holding a deposit account in the savings bank is a member of the savings bank. The rights of membership are subject to these bylaws, the savings bank's articles of incorporation, the Wisconsin statutes, administrative rules and such resolutions as the savings bank's board of directors may adopt which are consistent with the bylaws, articles, statutes and rules.

3.01 MEETINGS OF MEMBERS. (1) PLACE OF MEETINGS. Annual and special meetings shall be held at the savings bank's home office or at another place in the same county determined by the board of directors if specifically designated in the notice of meeting.

(2) ANNUAL MEETING. The annual meeting of members of the savings bank for the election of directors and the transaction of any other business will be held on _____ each year (which must be within 120 days after the end of the fiscal year). If the date specified is a legal holiday in this state, the annual meeting will be held the next business day.

(3) SPECIAL MEETINGS. Special meetings of members may be called at any time by the chairperson of the board, the president, the board of directors or the commissioner of savings and loan, or upon the written request of members of record holding at least 20% of the eligible votes. In the latter situation, the secretary of the savings bank, or a person designated to act in the secretary's absence, will call a special meeting to be held within 60 days after delivery of the request. The commissioner may call a special meeting with not less than seven days written or oral notice. All requests for special meetings must indicate the purpose of the meeting. Written requests for special meetings must be delivered to the savings bank's home office and addressed to its secretary.

(4) CONDUCT OF MEMBERS' MEETINGS. All members' meetings will be conducted in accordance with the most recent available edition of Robert's Rules of Order unless other written procedural rules are adopted by the members or by the board of directors and copies are available to the members. The chief executive officer, or in his or her absence, an officer designated by resolution of the board of directors, or in the absence of such designation, any person chosen by the members present, will preside over the meeting. The secretary of the savings bank will act as secretary of all members' meetings, but in his or her absence, another person will be appointed by the presiding officer to act in that capacity.

(5) NOTICE OF MEMBERS' MEETINGS. The secretary will cause notice of the place, day, hour and purpose of a meeting of members to be given at least 10 days but not more than 40 days before the meeting by: (a) mailing a notice to each member at the member's last known post office address as shown on the books of

the savings bank; or (b) publishing the notice in a newspaper of general circulation in each community in which the savings bank maintains an office. In addition, the notice will be posted in a conspicuous place in each of the savings bank's offices during the 10 days immediately preceding the date on which the meeting will convene. For an annual meeting, the notice will so state and will contain an agenda of the meeting.

(6) QUORUM. A quorum will be at least one-third of the total number of votes entitled to be cast, either in person or by proxy.

(7) VOTING. The members entitled to vote at a meeting of members are those depositors who were members of record at the end of a day determined by the board which shall be not fewer than 10 days nor more than 60 days preceding the date of the first day of a meeting, except persons who have since ceased to be members. Unless a greater number or margin of votes is required by law, the savings bank's articles of incorporation or these bylaws, a majority of all votes cast at a meeting of members determines any question.

(8) PROXIES. Members may vote in person or by written proxy. All proxies solicited by the savings bank's board of directors or given to the board, a committee established by the board of directors, or an individual designated by the board of directors, shall be voted as directed by a majority vote of the savings bank's entire board of directors.

(9) NEW BUSINESS. Any new business proposed to be conducted at an annual meeting of members must be stated in writing and the writing must be delivered to the savings bank's home office, addressed to its secretary, at least 20 days before the meeting. All new business so stated and delivered will be considered at the annual meeting, but no other proposal may be acted upon. No new business may be acted upon at a special meeting unless that business has been stated in the notice of the special meeting.

4.01 BOARD OF DIRECTORS. (1) DIRECTORS. (a) Number. The savings bank's board

of directors consists of _____ directors.

(b) Term. The term of each director is 3 years or until his or her death, resignation, removal or a successor is elected and qualified. The terms of directors will be staggered in a manner that will provide for the election of approximately one-third of the board of directors each year.

(c) Qualifications. Directors must be adults and at least 2/3rds of the directors must be residents of this state.

(d) Vacancies. In case of a vacancy on the board of directors, a majority of the remaining directors may elect a qualified member to fill the vacancy until the next annual meeting of members. At that annual meeting, the members shall elect a qualified person to serve for the duration of the unexpired term.

(e) Nomination and election. 1. At least 30 days before each annual meeting of members, the chief executive officer must, with the approval of the board of directors, appoint a nominating committee of three members of the savings bank. No person may stand for election and no director may stand for reelection on a slate of candidates nominated by a committee of which he or she was a member. The committee will nominate at least one qualified member of the savings bank to fill each vacancy on the board of directors and to succeed each director whose term will expire at the annual meeting. Nominations made by the nominating committee must be in writing and must be signed by at least a majority of its members.

2. Any member of the savings bank acting in his or her own membership capacity may nominate a qualified member of the savings bank to fill any vacancy on the board of directors or to succeed each director whose term will expire at the annual meeting. Nominations made by a member acting in his or her own membership capacity must be in writing and signed by the member.

3. All nominations must be delivered to the savings bank's home office

addressed to its secretary at least 20 days before the annual meeting of members. The secretary must cause a list of the names of qualified persons whose nominations for the office of director have been duly filed to be posted in a prominent place in each office of the savings bank for a period of at least 10 days before the date of the annual meeting.

4. No other nomination may be considered at the annual meeting. However, if no nomination has been made by either the nominating committee or by a member as provided above, or if the number of qualified persons nominated is not sufficient to fill the vacancies, nominations may be made from the floor by members in attendance at the annual meeting.

(f) Resignation. A director may resign at any time by delivering a written resignation to the savings bank's home office addressed to the savings bank's secretary. The resignation shall take effect upon its receipt or at such later date as may be specified in the notice. Unless excused by a resolution of the board of directors, more than 3 consecutive absences from regular meetings of the board automatically constitutes a resignation.

(g) Removal. The board may remove a director for a violation of Chapter 214 of the Wisconsin statutes, a rule or order of the commissioner of savings and loan, the articles of incorporation, the bylaws, or any other state or federal law governing savings bank operations or whenever, in the board's judgment, removal is in the best interests of the savings bank. A director may only be removed after being afforded an opportunity to be heard by the board.

(2) MEETINGS OF THE BOARD OF DIRECTORS. (a) Regular meetings. Regular meetings of the board of directors will be held at a place, hour and date specified by a resolution of the board.

(b) Special meetings. Special meetings of the board of directors may be called by the secretary or a person designated to act in the secretary's absence at the written request of the president, the chairperson of the board, or a

majority of the board's members. Each special meeting must be held upon at least 3 days notice to each director given either personally or by facsimilie machine or upon at least five days notice by mail, unless the director attends the meeting and does not object to the transaction of business because of improper notice or unless notice is waived in writing by each director at, before or after the meeting.

(c) Action by unanimous consent. Any action required or permitted to be taken at a meeting by the board of directors or a committee of the board of directors may be taken without a meeting if all the directors consent to the action in writing.

(d) Quorum. Unless a greater number or margin of votes is required by law, a majority of the directors constitutes a quorum. A majority of the quorum may approve the business of the meeting.

(e) Conduct of meetings. Meetings of the board of directors will be conducted in accordance with the most recent available edition of Robert's Rules of Order, unless other written procedural rules are adopted by the board. The meeting shall be chaired by the chairperson of the board, or in the chairperson's absence a director designated by the chairperson, or in their absence any director chosen by the directors present. The act of the majority of the directors present at any meeting at which there is a quorum is the act of the board, unless the act of a greater number is required by law, the savings bank's articles of incorporation or these bylaws.

(3) POWERS. To the extent that its actions are not contrary to law, the savings bank's articles of incorporation, or these bylaws, the board of directors may:

(a) Form committees. Create committees which it deems necessary and prescribe for each committee its duties and authority. Committee members will be appointed by the chief executive officer with the approval of the board.

(b) Remove personnel. Remove any employe or committee member at any time with or without cause and any officer if the board determines that removal is in the best interest of the savings bank.

(c) Extend leniency. Extend leniency to borrowers in difficult economic circumstances and compromise and settle any debts or claims of the savings bank.

(d) Act on applications for membership. Accept or reject any application for membership.

(e) Make donations. Approve donations of the savings bank for the public welfare or for charitable, scientific, religious or educational purposes.

(f) Exercise other powers. Exercise any other powers of the savings bank not expressly reserved to the members.

5.01 OFFICERS. (1) DESIGNATION. Each year, at the meeting of the board of directors following the annual meeting of members, the board of directors will elect a director to serve as chairperson of the board and will elect a president, secretary, treasurer, one or more vice presidents, and any other savings bank officers it designates by resolution. The savings bank's chief executive officer shall be a director. One person may hold two or more offices, but the chief executive officer may not hold the office of secretary or treasurer.

(2) TERM OF OFFICE. The term of each officer is one year or until his or her successor is elected and qualified, unless the officer is removed earlier by law or in accordance with these bylaws.

(3) VACANCIES. If a vacancy in any office arises, the directors will, as soon as practicable, fill the vacancy for the then unexpired term.

(4) DUTIES. (a) Chief executive officer. The chief executive officer will serve on a full time basis and shall have responsibility for the general management and control of the affairs and business of the savings bank.

(b) Other officers. Each officer of the savings bank shall perform the duties assigned to his or her office by the board of directors or by state and federal law, the savings bank's articles of incorporation, or these bylaws.

6.01 INDEMNIFICATION. The savings bank shall indemnify any present or former officer, director, employee or agent to the extent authorized for mutual savings and loan associations under ss. 215.512 to 215.525 of the Wisconsin statutes.

7.01 DELIVERY OF MATERIALS TO THE SAVINGS BANK. All materials that these bylaws require to be delivered to the savings bank may be delivered in person or by certified mail. When delivered by certified mail, they are deemed delivered when deposited in the United States mail.

8.01 FISCAL YEAR. The fiscal year of the savings bank begins on

_____ and ends on _____
(first day of fiscal year) (last day of fiscal year)

9.01 DISTRIBUTION OF EARNINGS AND NET WORTH. When earnings of the savings bank are distributed to depositors, the distribution will be made on the basis of the amount on deposit in each member's deposit account, at a rate or rates determined by the savings bank's agreement with the member. In the event of liquidation, all owners of deposit accounts will share in the savings bank's net worth, pro rata to the balance in their deposit accounts.

10.01 CORPORATE SEAL. The corporate seal of the savings bank consists of two concentric circles between which the name of the savings bank appears. The words "corporate seal" appear at its center.

11.01 AMENDMENTS. (1) BY MEMBERS. The members of the savings bank may amend these bylaws or may repeal them and adopt new bylaws by the affirmative vote of a majority of all votes cast at a meeting of members.

(2) BY DIRECTORS. These bylaws may be amended or may be repealed and new bylaws adopted by the board of directors upon an affirmative vote of at least two-thirds of the directors present at a meeting of directors at which a quorum is present.

(3) EFFECTIVE DATE. No amendment to these bylaws will take effect until it has been filed with and approved by the commissioner of savings and loan.

SB 10.02 BYLAWS OF STOCK SAVINGS BANKS. (s. 214.25(1), Stats.) The following form of bylaws is approved for use by each stock savings bank:

BYLAWS OF THE

(Full name of the savings bank)

1.01 HOME OFFICE. The home office of the savings bank is located at

_____ in _____ County,
Wisconsin.

2.01 APPLICABILITY OF GENERAL CORPORATE LAWS. To the extent that its provisions do not conflict with the savings bank's articles of incorporation, these bylaws, or the laws of this state specifically governing capital stock savings banks, chapter 180 of the Wisconsin Statutes applies to this savings bank and its operation.

3.01 MEETINGS OF STOCKHOLDERS. (1) PLACE OF MEETINGS. Annual and special meetings of stockholders of the savings bank will be held at the savings bank's home office or at another place in the same county if specifically designated in the notice of meeting. A meeting will be held on a date and at a time designated by the board of directors and stated in the notice of the meeting.

(2) ANNUAL MEETING. The annual meeting of stockholders of the savings bank for the election of directors and the transaction of other business will be held on _____ each year (which must be within 120 days after the end of the fiscal year). Directors will be elected by majority vote of stockholders present in person or by proxy. If the date specified is a legal holiday in this state, the annual meeting will be held on the next business day.

(3) SPECIAL MEETINGS. Special meetings of stockholders may be called at any time by the chairperson of the board, the president, the commissioner of savings and loan, the board of directors or upon the written request of the stockholders of at least 20% of the outstanding stock. In the latter situation, the secretary of the savings bank or a person designated to act in the secretary's absence, will call a special meeting to be held within 60 days after the delivery of the request. The commissioner may call a special meeting with not less than 7 days written or oral notice. All requests for special meetings must be delivered to the savings bank's home office and addressed to its secretary. Business transacted at a special meeting of stockholders will be limited to the purpose for which the meeting is called, which will be stated in the notice of the special meeting.

(4) NOTICE OF MEETINGS. Except as provided in subsection (3), written notice of all meetings of the stockholders shall state the date, time and place of the meeting and shall be given to each stockholder of record entitled to vote not less than 10 or more than 40 days before the date of the meeting. The

notice shall be displayed at each office of the savings bank during the 10 days immediately preceding the date on which the meeting will convene.

(5) QUORUM. A majority of the shares entitled to vote, represented in person or by proxy, constitutes a quorum at a meeting of stockholders. If a quorum is present, stockholders may act by the affirmative vote of the majority of the shares present, unless the vote of a greater number or voting by classes is required by law or the articles of incorporation and, after persons who may cast a majority of votes are no longer present, the remaining persons present may continue to transact business until adjournment. If less than a quorum of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting to a future date and time without further notice. If a quorum is present at the reconvened meeting, any business may be transacted which might have been transacted at the original adjourned meeting. If the adjournment is for more than 30 days, or, if after adjournment a new record date is set, a notice of the adjourned meeting will be given each stockholder of record entitled to vote at the meeting.

(6) STOCKHOLDER VOTING; PROXIES. Each stockholder is entitled to one vote in person or by proxy for each share of capital stock owned. A proxy is void 11 months after the date of its execution unless otherwise provided in the proxy. Each proxy must be in writing and signed by the stockholder or an authorized representative. The board of directors will appoint the persons to vote the proxies solicited by the savings bank's management and may, by resolution, establish rules regarding the validity of a proxy. A proxy may be revoked by delivery of a subsequently dated proxy; by delivery of a written notice of revocation to the savings bank's secretary; or by the person granting the proxy appearing in person and voting at a meeting.

(7) CONDUCT OF STOCKHOLDERS' MEETINGS. All stockholders' meetings will be conducted in accordance with the most recent available edition of Robert's Rules of Order, unless other written procedural rules are adopted by the board of directors and are available to the stockholders. The chief executive

officer, or in the chief executive officer's absence, an officer designated by the board of directors, will preside over the meetings. The secretary of the savings bank will act as secretary of all stockholder meetings, but in his or her absence, another person will be appointed by the presiding officer to act in that capacity.

4.01. BOARD OF DIRECTORS. (1) DIRECTORS. (a) Number. The savings bank's board of directors consists of _____ directors.

(b) Term. The term of each director is three years, or until his or her death, resignation, removal or a successor is elected and qualified. The terms of directors will be staggered in a manner that will provide for the election of approximately one-third of the board of directors each year.

(c) Qualifications. Directors must be adults and at least 2/3rds of the directors must be residents of this state.

(d) Vacancies. In case of a vacancy on the board of directors, a majority of the remaining directors may elect a qualified person to fill the vacancy until the next annual meeting of stockholders. At that meeting, the stockholders will elect a qualified person to serve for the duration of the unexpired term.

(e) Resignation. A director may resign at any time by delivering a written resignation to the savings bank's home office addressed to the savings bank's secretary. The resignation shall take effect upon its receipt or at such later date as may be specified in the notice.

(f) Removal. The board may remove a director or officer for a violation of chapter 214 of the Wisconsin statutes, a rule or order of the commissioner of savings and loan, the savings bank's articles of incorporation or bylaws or any other state or federal law governing savings bank operations. A director may only be removed after being afforded an opportunity to be heard by the board.

(2) MEETINGS OF THE BOARD OF DIRECTORS. (a) Regular meetings. Regular meetings of the board of directors may be held without notice at a place, hour and date specified by a resolution of the board. However, immediately following each annual meeting of stockholders, the directors shall convene and elect the board's and savings bank's officers for the ensuing year.

(b) Special meetings. Special meetings of the board of directors may be called by the secretary or a person designated to act in the secretary's absence at the written request of the president, the chairperson of the board, or a majority of the board's members. Each special meeting must be held upon at least 3 days notice to each director given either personally or by facsimile machine or by 5 days notice by mail, unless notice is waived by each director at, before, or after the meeting.

(c) Quorum. Unless a greater number or margin of votes is required by law, a majority of the directors constitutes a quorum. A majority of the quorum may approve the business of the meeting. If a quorum is not present, the directors present may adjourn the meeting without additional notice than announcement at the meeting until a quorum is present.

(d) Action by unanimous consent. Any action required or permitted to be taken at a meeting of the board of directors or a committee of the board of directors may be taken without a meeting if all the directors consent to the action in writing.

(e) Conduct of meetings. Meetings of the board of directors will be conducted in accordance with the most recent available Robert's Rules of Order, unless other written procedural rules are adopted by the board. The meeting shall be chaired by the chairperson of the board, or, in the chairperson's absence, a director designated by the chairperson, or, in their absence, any director chosen by the directors present.

(3) COMMITTEES. The board of directors may by resolution create committees and prescribe the duties and authority of each. Committee members will be appointed by the chief executive officer with the approval of the board. A committee may not take action with respect to dividends to stockholders, election of the savings bank's officers or the filling of vacancies on the board of directors or committees of the board of directors.

5.01 OFFICERS. (1) DESIGNATION. Each year, at the board of directors meeting immediately following the annual meeting of stockholders, the board of directors shall elect a director to serve as chairperson of the board and elect a president, secretary, treasurer, one or more vice presidents, and any other savings bank officers it designates by resolution. The board will also designate the president or the chairperson of the board as the savings bank's chief executive officer. One person may hold two or more offices, but the president and the chief executive officer may not hold the office of secretary, vice president or treasurer.

(2) TERM OF OFFICE. The term of each officer is one year or until his or her death, resignation, removal or a successor is appointed and qualified, unless the officer is removed earlier under law or under these bylaws.

(3) VACANCIES. If a vacancy in any office of the board of directors arises, the board, as soon as practical, will fill the vacancy for the unexpired term.

(4) DUTIES. Each officer of the savings bank shall perform the duties assigned to his or her office by the board of directors, by state and federal law, the articles of incorporation, or these bylaws. The chief executive officer will serve on a full-time basis.

6.01 INDEMNIFICATION. The savings bank shall indemnify any present or former officer, director, employee or agent of the savings bank to the extent permitted under ss. 180.0850 to 180.0859 of the Wisconsin statutes.

7.01 DELIVERY OF MATERIALS TO THE SAVINGS BANK. All materials that these bylaws require to be delivered to the savings bank may be delivered in person or by certified mail. When delivered by certified mail, they are deemed delivered when deposited in the United States mail.

8.01 STOCK CERTIFICATES AND THEIR TRANSFER. (1) TRANSFER OF SHARES. Shares of stock in the savings bank may be transferred on the stock transfer books of the savings bank only by their holder of record or an authorized representative. All certificates tendered for transfer will be cancelled; no new certificate will be issued until the former certificate for like number of shares has been surrendered. However, for a lost, destroyed or mutilated certificate, a replacement may be issued on such terms and indemnity to the savings bank as the board of directors may prescribe. The person in whose name shares appear on the books of the savings bank will be deemed the owner for all purposes.

(2) STOCK RULES. The board of directors may, by resolution, adopt further rules governing the issue, transfer and registration of certificates representing the shares of the savings bank.

9.01 FISCAL YEAR. The fiscal year of the savings bank begins on

_____ and ends on _____
(first day of fiscal year) (last day of fiscal year)

10.01 CORPORATE SEAL. The corporate seal of the savings bank consists of 2 concentric circles between which the name of the savings bank appears. The words "corporate seal" appear at its center.

11.01 AMENDMENTS. (1) BY STOCKHOLDERS. The stockholders of the savings bank may amend these bylaws or repeal them and adopt new bylaws by the affirmative vote of a majority of all votes cast at a meeting of stockholders.

(2) BY DIRECTORS. These bylaws may be amended or may be repealed and new bylaws adopted by the board of directors upon an affirmative vote of at least two-thirds of the directors present at a meeting of directors at which a quorum is present.

(3) EFFECTIVE DATE. No amendment to these bylaws will take effect until it has been filed with and approved by the commissioner of savings and loan.

10.03 OPTIONAL BOARD OF DIRECTORS' MAXIMUM AGE LIMITATIONS. A savings bank may add limitations on the maximum age at which persons may be nominated to or continue to serve on the board of directors. The limitations shall be stated in the savings bank's bylaws, within article 4.01(1)(c) ("Qualifications") using one of the following forms:

(1) In addition, no person may be nominated for the office of director if he or she is more than _____ years of age.

(2) In addition, except for directors serving on the board at the time of this bylaw's adoption, no person may be nominated for the office of director if he or she is more than _____ years of age.

(3) In addition, no director may serve beyond the annual meeting of the savings bank's stockholders following the date on which he or she becomes _____ years of age.

(4) In addition, no director may serve beyond the annual meeting of the savings bank's stockholders following the date on which he or she becomes _____ years of age, although persons serving as directors at the time of the adoption of this bylaw may continue to serve out their present terms.

(5) In addition:

1) No person may be nominated for the office of director if he or she is

more than _____ years of age.

2) No director may serve beyond the annual meeting of the savings bank's shareholders following the date on which he or she becomes _____ years of age.

(6) In addition:

1) No person may be nominated for the office of director if he or she is more than _____ years of age.

2) No director may serve beyond the annual meeting of the savings bank's stockholders following the date on which he or she becomes _____ years of age, although persons serving as directors at the time of this bylaw's adoption may continue to serve out their present terms.

(7) In addition:

1) Except for directors serving on the board at the time of the adoption of this bylaw, no person may be nominated for the office of director if he or she is more than _____ years of age.

2) No director may serve beyond the annual meeting of the savings bank's stockholders following the date on which he or she becomes _____ years of age.

(8) In addition:

1) Except for persons serving as directors at the time of the adoption of this bylaw, no person may be nominated for the office of director if he or she is more than _____ years of age.

2) No director may serve beyond the annual meeting of the savings bank's

stockholders following the date on which he or she becomes _____ years of age, although persons serving as directors at the time of the adoption of this bylaw may continue to serve out their present terms.

(9) In addition, except for persons serving as directors at the time of the adoption of this bylaw:

1) No person may be nominated for the office of director if he or she is more than _____ years of age.

2) No director may serve beyond the annual meeting of the association following the date on which he or she becomes _____ years of age.

SB 10.04 OPTIONAL ANTI-TAKEOVER PROVISIONS FOR MUTUAL SAVINGS BANKS. A mutual savings bank may adopt any or all of the following bylaw provisions instead of the language provided in s. SB 10.01:

(1) Calling a special meeting. Instead of bylaw s. 3.01(3), substitute the following: "(3) SPECIAL MEETINGS. Special meetings of members may be called at any time by the chairperson of the board, the president, the board of directors, the commissioner of savings and loan or upon the written request of at least 20% of the members of record. In the latter situation, the secretary of the savings bank, or a person designated to act in the secretary's absence, will call a special meeting to be held within 60 days after delivery of the request. The commissioner may call a special meeting with not less than 7 days written or oral notice. Such request by members shall include the members' account numbers for identification purposes, signature, and date of signature. All requests for special meetings must indicate the purpose for which the meeting is to be called. Written requests for special meetings must be delivered to the savings bank's home office and addressed to its secretary and shall be signed within the 60 day period immediately preceding delivery."

- (2) Limitation on the voting of proxies. Instead of bylaw s. 3.01 (8), substitute the following: "(8) PROXIES. Members may vote in person or by written proxy. All proxies solicited by the savings bank's board of directors and given to the board, a committee established by the board of directors, or an individual designated by the board of directors, shall be voted as directed by a majority vote of the savings bank's entire board of directors except that a four-fifths vote of the entire board of directors shall be required to exercise proxies in favor of a resolution to amend or repeal and recreate the bylaws.
- (3) Proxy solicitation. Add the following language to bylaw s. 3.01 (8): "Except for the board of directors or its designee, any individual or other person or entity that wishes to solicit the proxies of five or more members of the savings bank must first deliver written notice of intent to so solicit to the home office of the savings bank, addressed to the secretary, at least sixty days prior to commencing the solicitation. Said notice must contain the specific purpose of such solicitation."
- (4) Board members' terms. Instead of bylaw s. 4.01(1)(b), substitute the following: "(b) Term. The term of each director is five years, or until his or her death, resignation, removal or a successor is elected and qualified. The terms of directors will be staggered in a manner that will provide for the election of approximately one-fifth of the board of directors each year."
- (5) Directors' vote on merger, liquidation or conversion to stock form. Add a bylaw s. 4.01(2)(f) reading: "(f) Vote on merger or change in form. The affirmative vote of four-fifths of the directors present at a meeting at which a quorum is present shall be required to make a resolution an effective act of the board if such resolution approves a change in the form of governance of the savings bank to any form other than that of a mutual savings bank, or if such resolution approves an absorption of or by the savings bank, a liquidation, or a merger of the savings bank with

another institution."

- (6) Members amending the bylaws. Instead of bylaw s. 11.01(1), substitute the following: "11.01 AMENDMENTS. (1) BY MEMBERS. The members of the savings bank may amend these bylaws or repeal them and adopt new bylaws by the affirmative vote of a majority of all votes cast at a meeting of members. The effective date of changes to the bylaws approved by members as provided herein shall be three years from the date approved by the commissioner of savings and loan. Any such changes proposed by members will be considered at a meeting of members upon the written request of 20% of all members. Such requests shall include the member's account numbers for identification purposes, signature, date of signature and the specific change to be considered. All such requests shall be delivered to the secretary of the savings bank at the home office and shall be signed within the sixty day period immediately preceding such delivery. Said delivery of such requests must be at least sixty days before the members' meeting wherein the proposed changes will be voted on. However, if the board of directors approves of such changes by a four-fifths vote, the effective date shall be the date of approval by the commissioner of savings and loan."

- (7) Directors amending the bylaws. Instead of bylaw s. 11.01(2), substitute the following: "(2) BY DIRECTORS. These bylaws may be amended or may be repealed and new bylaws adopted by the board of directors upon an affirmative vote of at least four-fifths of the directors present at a meeting of directors at which a quorum is present."

CHAPTER SB 11
REAL ESTATE OWNED
AND
OTHER REPOSSESSED ASSETS

SB 11.01 REAL ESTATE OWNED AND OTHER REPOSSESSED ASSETS. (ss. 214.515 and 214.715(1)(g), Stats.) (1) VALUE CARRIED ON BOOKS. Real estate and other assets repossessed by a savings bank shall be carried on the books at their estimated market value and in accordance with generally accepted accounting principles.

(2) APPRAISALS. When real estate is repossessed, the savings bank shall have it appraised. The real estate shall be subsequently reappraised if:

- (a) There is a material change in its use or condition; or
- (b) Reappraisal is ordered by the commissioner.

CHAPTER SB 12
REMOTE SERVICE UNITS

- SB 12.01 Joint rule
- SB 12.02 Definitions
- SB 12.03 Advance notice and approval
required
- SB 12.04 Restrictions on access
prohibited
- SB 12.05 Discriminatory rates or
services prohibited
- SB 12.06 Confidentiality and security
requirements
- SB 12.07 Allocation of liability
- SB 12.08 Customer service and disclosure requirements
- SB 12.09 Charge backs
- SB 12.10 Advertising restrictions
- SB 12.11 Filing of supplemental information

SB 12.01 JOINT RULE. This chapter is patterned after a joint rule promulgated by the commissioner, the commissioner of banking and the commissioner of credit unions in accordance with s. 214.04(21)(b), Stats.

SB 12.02 DEFINITIONS. In this chapter:

(1) "Commissioner" means the commissioner of savings and loan or his or her authorized representative.

(2) "Days" mean calendar days computed under s. 990.001(4), Stats.

(3) "Financial institution" means a state or federal savings bank or

savings and loan, a state or national bank or a state or federal credit union.

(4) "Remote service unit" means a remote service unit as defined in s. 214.01(1)(sm) or 215.13(46)(a), Stats., or a remote terminal as defined in s. 186.113(15)(b), Stats., or a customer bank communications terminal as defined in s. 221.04(1)(k), Stats.

(5) "Supplier" means any person furnishing equipment, goods or services used to complete any function performed through a given remote service unit.

SB 12.03 ADVANCE NOTICE AND APPROVAL REQUIRED. Each savings bank proposing to engage in an activity authorized under s. 214.04(21), Stats., or proposing to change the place or manner in which it engages in such an activity shall file with the commissioner an application containing such information as the commissioner may from time to time prescribe. No savings bank may commence any such activity unless the place and manner in which the activity is conducted has been approved by the commissioner in writing or the commissioner does not take written objection to the savings bank's completed application within 30 days after it has been filed under this section. If the commissioner regularly receives information on additions, deletions or changes in locations of remote service units from a supplier, a savings bank is excused from filing an application merely to add, delete or change the place at which it offers the services. A savings bank may not commence or continue to engage in any activity authorized under s. 214.04(21), Stats., if, in the opinion of the commissioner, the activity is beyond the financial or management capabilities of the savings bank, would result in unfair competition among financial institutions, or is otherwise in violation of this chapter.

SB 12.04 RESTRICTIONS ON ACCESS PROHIBITED. (1) GENERAL PROVISIONS. Except as provided in sub. (2), no savings bank may directly or indirectly acquire, place or operate a remote service unit, and no savings bank may

participate in the acquisition, placement or operation of a remote service unit, unless the unit is available on a nondiscriminatory basis to the following financial institutions and their designated customers:

(a) Any financial institution that has its home office in this state;

(b) Any other savings bank which is qualified to do business in this state and has obtained the written consent of a savings bank or association that has its home office in this state and is making use of the unit; and

(c) Any other bank which is qualified to do business in this state and has obtained the written approval of a bank that has its home office in this state and is making use of the unit; and

(d) Any other credit union which is qualified to do business in this state and has obtained the written consent of a credit union that has its home office in this state and is making use of the unit.

(2) EXCEPTIONS. The temporary limitation of access to a remote service unit to designated customers of designated financial institutions for reasonable test periods determined by the commissioner is not a violation of this section if approved by the commissioner in writing. The commissioner may approve such limitations if:

(a) The commissioner considers it necessary or desirable to permit restricted operation during periods of testing or experimentation; or

(b) The commissioner determines that the accommodation of additional users is beyond the capacity of existing equipment and a good faith effort is being made to accommodate them within a reasonable period of time determined by the commissioner.

SB 12.05 DISCRIMINATORY RATES OR SERVICES PROHIBITED. A remote service unit will not be deemed available for use on a nondiscriminatory basis unless:

(1) **USER FEES.** The fees charged to a financial institution for the use of the unit by the institution or its customers are equitably apportioned and reasonably reflect the costs of the services actually provided to the institution or customer. Such fees may provide for the amortization of development costs and capital expenditures over a reasonable period of time.

(2) **CUSTOMER SERVICES.** Each financial institution making use of the unit permits its customers to make use of all of the functions performed by the unit at each location of the unit or only those functions and locations that such institution elects to make available to its customers.

(3) **TECHNICAL INFORMATION AND SPECIFICATIONS.** Each supplier provides at reasonable cost such technical information and specifications as may be necessary to enable a financial institution that is eligible to use the unit, or any data processor serving the accounts of such an institution, to obtain interface with the unit.

(4) **OTHER REQUIREMENTS.** No financial institution eligible to use the unit is required to purchase from any supplier any goods, equipment or services not reasonably necessary to complete a transaction through the unit.

SB 12.06 CONFIDENTIALITY AND SECURITY REQUIREMENTS. No savings bank may directly or indirectly acquire, place or operate a remote service unit, and no savings bank may participate in the acquisition, placement or operation of a remote service unit, unless precautions acceptable to the commissioner are provided to:

(1) **PRECAUTIONS AGAINST UNAUTHORIZED ACCESS.** Prevent unauthorized access to, or use of, the unit.

(2) PRECAUTIONS TO ASSURE CONFIDENTIALITY. Prevent information regarding a transaction conducted through the unit from being disclosed to any person other than:

(a) The customer making the transaction;

(b) Any other person who is a party to the transaction or is necessary to effect the transaction, but only to the extent that the information disclosed is necessary to effect the transaction; or

(c) Those persons lawfully authorized to have access to the records of the savings bank or of parties to the transaction.

(3) UNSOLICITED ACCESS TO REMOTE SERVICE UNITS PROHIBITED. Ensure that the plastic card or other means providing its customers access to the unit is issued only:

(a) In response to a request or application; or

(b) As a renewal of, or in substitution for, an accepted card or other means of access, whether issued by the initial issuer or a successor.

SB 12.07 ALLOCATION OF LIABILITY. (1) BETWEEN SAVINGS BANK AND THIRD PARTIES. Each activity authorized under s. 214.04(21), Stats., shall be conducted in accordance with a written agreement between the savings bank and any participating merchant, service center, data processor or other third party, setting out the manner in which liability from errors, malfunctions or the unauthorized use of a remote service unit will be allocated between the parties.

(2) LIMITED CUSTOMER LIABILITY FOR UNAUTHORIZED USE. (a) The liability of a customer of a savings bank for the unauthorized use of a plastic card or other means providing the customer access to a remote service unit may not

exceed the lesser of the following:

1. \$50.

2. The amount of any money, property or services obtained by its unauthorized use prior to the time the savings bank is notified of, or otherwise becomes aware of, circumstances which lead to the belief that unauthorized access to the customer's account may be obtained. Notice is sufficient when the customer takes such steps as may reasonably be required in the ordinary course of business to provide the savings bank with the pertinent information.

(b) A customer furnishing another person with the plastic card or other means providing access to the customer's account through a remote service unit shall be deemed to authorize all transactions that may be accomplished by that means until the customer has given actual notice to the savings bank that further transactions are unauthorized.

SB 12.08 CUSTOMER SERVICE AND DISCLOSURE REQUIREMENTS. (1) PERIODIC STATEMENTS. A savings bank shall provide each customer with a periodic statement of each account of the customer that is accessible through a remote service unit. The statement shall be provided on a monthly basis for each month in which a transaction occurs, or once every 3 months, whichever is more frequent. The statement shall identify the date, location and nature of each transaction. An account statement issued under this subsection may include transactions made through a remote service unit.

(2) TRANSACTION DOCUMENTATION. Every transfer of funds made through a remote service unit by a customer of a savings bank shall be evidenced by a written document made available to the customer at the time of the transaction. The document shall indicate with reasonable specificity the identity of any third party to whom funds are electronically transferred, the identity of the customer's account, the amount of funds transferred, the type of transaction and the date of the transaction. A customer may be required to

reenter an access device, such as a card, at a terminal in order to receive transaction documentation if all the following conditions are met:

(a) The terminal simultaneously controls distribution of products at several locations on the same site to more than one customer;

(b) Each customer must remove the access device from the terminal and move to another location in order to complete the transaction; and

(c) The terminal cannot produce transaction documentation for a particular transaction until the customer completes distribution of the product and the amount of the transaction is known.

(3) WRITTEN DISCLOSURE OF SERVICES AND CHARGES. Each customer of a savings bank whose account with the savings bank is accessible through a remote service unit shall be provided with a written statement of the terms and conditions governing the account. The statement shall be provided at the time that the customer is issued a card or other means providing access through the remote service unit, and whenever the terms and conditions governing the account are amended. The statement shall set out:

(a) Applicable limitations on the customer's liability for unauthorized use of the means providing access through the remote service unit, and the address and telephone number of the person to be notified in the event that the means affording the customer access through the remote service unit is lost or stolen or the customer otherwise believes that unauthorized access to the account may be obtained.

(b) The customer's right to a periodic statement of transactions affecting the account.

(c) An initial disclosure of the specific transactions which, subject to the capabilities of individual terminals, may be performed through the remote service unit.

(d) Any charges to the customer for account maintenance or for the use of the remote service unit.

(e) Any limitation imposed on the number of remote service unit transactions permitted within any given period of time.

SB 12.09 CHARGE BACKS. When any sale of goods or services is paid directly through a remote service unit and involves an aggregate transfer of funds of \$50 or more from an account of a customer in a savings bank to the account of another person but does not involve a check or draft, the savings bank shall reverse the transaction and recredit the customer's account upon receipt of oral or written notice by the customer within 3 business days after the date of the sale. "Business day" means the part of any day on which a savings bank is open for carrying on substantially all of its business functions.

SB 12.10 ADVERTISING RESTRICTIONS. No advertising with regard to a remote service unit used by a savings bank or its customers may suggest exclusive ownership or control of the unit by any financial institution. If use of a unit is restricted under s. SB 12.04(2) to designated financial institutions all advertisements regarding the unit shall clearly state that use of the unit will be available to customers of other financial institutions at the end of the period of restricted use authorized by the commissioner.

SB 12.11 FILING OF SUPPLEMENTAL INFORMATION. Each savings bank engaging in an activity authorized under s. 214.04(21), Stats., shall file with the commissioner such additional information regarding its activity as the commissioner may from time to time require.

CHAPTER SB 13

LOANS

SB 13.01 Loan policies

SB 13.02 Mortgage loans

SB 13.03 Approval of indexes used for variable rate loans under s. 138.056, Stats.

SB 13.04 Consumer loans

SB 13.05 Commercial loans

SB 13.01 LOAN POLICIES. (s. 214.715(1)(a), Stats.) Each savings bank's board of directors shall adopt written policies to direct the savings bank's mortgage, consumer and commercial loan activities.

SB 13.02 MORTGAGE LOANS. (ss. 138.056(2), 214.03, 214.48 and 214.485(2) to (7), Stats.) (1) AUTHORITY. A savings bank may make, invest in, sell, purchase, participate or otherwise deal in mortgage loans or interests in mortgage loans without geographic restriction, including loans made on the security of residential, commercial or cooperative units.

(2) APPRAISAL. New mortgage loans originated shall be supported by a reasonably current appraisal or other documentation approved by the commissioner containing a level of information commensurate to the size and nature of the real estate appraised.

(3) MAXIMUM LOAN TO VALUE RATIOS. (a) Definition. In this subsection, "first lien" includes any mortgage which has priority over all other liens or

encumbrances.

(b) Limitations. 1. 'First lien mortgages.' Except as provided in par. (d), a savings bank may not make a loan secured by a first lien mortgage in an amount in excess of 90% of the value of the real estate security.

2. 'Junior liens.' A savings bank may not make a loan secured by a mortgage other than a first lien mortgage in an amount in excess of:

a. The maximum amount the savings bank is authorized to lend on the security of a first lien on the mortgaged property; minus

b. The face amount of all other outstanding loans secured by the mortgaged property and any other unsatisfied liens against that property.

(c) Calculation. In calculating the loan to value ratio under this subsection, the value of the real estate security is limited to that attributable to the real estate if used in a manner consistent with its current or intended use.

(d) Exceptions: Loans to 100% of value. A savings bank may make a loan in an amount up to 100% of the value of the real estate security if:

1. The part of the loan that exceeds 90% of the value of the property is insured or guaranteed by a mortgage insurance company that the federal home loan mortgage corporation has determined to be a "qualified private insurer";

2. The loan or the part of the loan that exceeds 90% of the value of the property is insured or guaranteed by an agency or instrumentality of a state or the federal government whose full faith and credit is pledged to support the insurance or guarantee;

3. Made in conjunction with a governmental subsidy, insurance or guarantee program approved by the commissioner;

4. The loan is fully secured by the cash surrender value of an insurance policy on the life of any person responsible for the loans payment; negotiable securities, the principal and interest of which is guaranteed by the U.S. government; bonds, notes or other evidences of indebtedness, constituting the general obligation of a municipality; or deposit accounts in an insured institution;

5. The loan is to facilitate the sale of a savings bank's real estate owned or real estate in judgment; or

6. The loan is to meet the objectives of the federal community reinvestment act of 1977 (12 U.S.C. s. 2901 ff.) with the prior written approval of the commissioner.

(4) TERM. (a) Length. The term of a mortgage loan may not exceed 30 years or such other term, not to exceed 40 years, which is permitted for any other lender authorized to make first lien real estate loans in this state, commencing with the latest of:

1. The date of closing;
2. The date of the first contractual monthly principal and interest payment;
3. The date of any additional advance;
4. The date of any properly executed loan modification agreement; or
5. The date of any interest rate increase under the terms of a note permitting or requiring changes in the interest rate.

(b) Amortization. The rate of amortization on a mortgage loan may vary during the term of the loan, may not be negative, and may result in a lump sum

payable at maturity.

(5) DEVELOPMENT LOANS. (a) Maximum term. The term of a development loan may not exceed 5 years, but may be extended for periods of one year or less if:

1. The borrower makes a request to the savings bank for an extension;
2. All taxes on the property and contractual loan payments are current;
and
3. The borrower and the savings bank execute a written extension agreement.

(b) Appraisals and other documentation. Before making a development loan a savings bank shall obtain:

1. A feasibility study which contains a current appraisal.
2. A statement from the borrower indicating the borrower's intended use of the property. If further improvements must be made to the land to make it suitable for the construction of a dwelling unit and loan proceeds are expected to be used in that development, the statement shall include a development schedule and the estimated cost of those improvements.

(c) Release schedule. When a development loan is secured by more than one lot:

1. The savings bank and the borrower shall enter into a written agreement governing the release of individual lots from the savings bank's security interest.

2. No portion of the qualifying real estate security may be released unless:

a. The savings bank has obtained an appraisal that individually sets forth the value of each developed lot and of any qualifying security remaining to be developed; and

b. The ratio of the unpaid balance of the savings bank's loan to the value of the remaining real estate security will not exceed the applicable maximum loan to value ratio under sub. (3).

SB 13.03 APPROVAL OF INDEXES USED FOR VARIABLE RATE LOANS UNDER S. 138.056, Stats. (s. 138.056(1)(a)4a, Stats.) (1) Except as provided in sub. (2), each index used by a savings bank for a variable rate loan which requires the approval of the commissioner under s. 138.056(1)(a)4a, Stats. must be approved in writing.

(2) Under s. 138.056(1)(a)4a, Stats., the following indexes are determined to be readily verifiable by borrowers and beyond the control of an individual lender and are hereby approved for use in variable rate loans under s. 138.056, Stats.:

(a) The "prime rate" of interest which is published in the "money rates" column of the Wall Street Journal, midwestern edition.

(b) The following indexes as reported periodically by a district federal home loan bank:

1. The monthly average cost of funds for the federal home loan bank district.

2. The "national monthly median cost of funds for SAIF-insured institutions".

3. The "national average mortgage contract interest rate" on conventional mortgage loans closed for purchasing previously occupied single-family homes by all major lenders.

(c) The weekly average yield on U.S. treasury securities adjusted to a constant maturity of 1,2,3, or 5 years reported in the "Federal Reserve Statistical Release", a weekly publication of the federal reserve board.

SB 13.04 CONSUMER LOANS. (ss. 214.03, 214.04(14), and 214.485(9) to (17), Stats.) (1) ACTIVITIES AUTHORIZED. A savings bank may do all of the following:

(a) Consumer loans. Invest in, sell, purchase, participate in, make or otherwise deal in consumer loans.

(b) Consumer leases. Lease tangible personal property acquired under s. SB 16.01(2) to a natural person for a personal, family or household purpose.

(2) SAVINGS BANK POLICY REQUIRED. The board of directors of each savings bank making consumer loans shall establish a maximum dollar limit for such loans over which any unsecured portion must be supported by a borrower's current, sworn financial statement obtained prior to the extension of credit and updated at least annually. This limit may be incorporated into the savings bank's consumer loan policy.

SB 13.05 COMMERCIAL LOANS. (ss. 214.03 and 214.485(8), Stats.) (1) ACTIVITIES AUTHORIZED. A savings bank may do all of the following:

(a) Commercial loans. Make, invest in, sell, purchase, participate in, or otherwise deal in commercial loans.

(b) Consumer-related loans. Make loans to dealers in consumer goods to

finance inventory, including floor planning loans.

(c) Commercial leases. Lease tangible personal property or real property acquired under s. SB 16.01(2) for business, commercial, corporate, or agricultural purposes.

(d) "Indirect" commercial loans. Make an indirect commercial loan by purchasing commercial debt securities of a corporation which securities do not qualify as authorized investments.

(2) SAVINGS BANK POLICY REQUIRED. The board of directors of each savings bank making commercial loans shall establish a maximum dollar limit for such loans over which any unsecured portion of a commercial loan must be supported by a borrower's balance sheet and statement of operations attested to by an officer prior to the extension of credit and updated at least annually. This limit may be incorporated into the savings bank's commercial loan policy.

CHAPTER SB 14

REAL ESTATE INVESTMENTS

SB 14.01 Real estate investments limited

SB 14.01 REAL ESTATE INVESTMENTS LIMITED. (s. 214.49(5), Stats.) (1)

"REAL ESTATE INVESTMENT" DEFINED. A savings bank's real estate investment includes:

(a) Funds advanced for the purchase, development and operation of real estate.

(b) Partnership and joint venture capital contributions.

(c) Mortgage loans, commercial loans, loan guarantees and letters of credit related to underlying real estate in which the savings bank has invested.

(d) Liability for debt of the partnership or joint venture.

(e) Any other savings bank obligation for direct or contingent payment of debt relating to the real estate project.

(2) REAL ESTATE INVESTMENT CONDITIONS. A savings bank may make a real estate investment if: (a) The commissioner gives prior written approval after reviewing a feasibility study, a recent appraisal provided by the savings bank and other information which he or she may require; and

(b) The savings bank's real estate investment does not directly or indirectly benefit an officer, director or employe of the savings bank or of its holding company if any or a subsidiary in excess of reasonable employment compensation unless the commissioner gives prior written approval.

(3) EXCEPTION. This section does not apply to a real estate investment permitted under s. 214.52, Stats.



CHAPTER SB 15

INVESTMENTS IN SERVICE CORPORATION OR SUBSIDIARY

SB 15.01 Service corporation and subsidiary investments authorized.

SB 15.01 SERVICE CORPORATION AND SUBSIDIARY INVESTMENTS AUTHORIZED. (ss. 214.345(2) and (3) and 214.49, Stats.) (1) "INVESTMENT" DEFINED. A savings bank's investment in a service corporation or subsidiary includes:

- (a) Capital stock and paid in surplus.
- (b) Partnership or joint venture capital contributions.
- (c) Mortgage loans, commercial loans, loan guarantees and letters of credit related to a service corporation or subsidiary in which a savings bank has invested.
- (d) Liability for the debt of a partnership or joint venture.
- (e) Any other obligation for direct or contingent payment of a service corporation or subsidiary's debt.

(2) CONDITIONS OF INVESTMENT. A savings bank may make an investment in a service corporation or subsidiary under s. 214.49, Stats., if:

- (a) The commissioner gives prior written approval of the investment; and
- (b) The service corporation or subsidiary agrees:

1. To restrict its activities to those authorized in writing by the commissioner.

2. To be audited by a certified public accountant at least once each fiscal year and deliver a copy of the certified public accountant's certified report to the commissioner simultaneously with the delivery of the report under subd. 3 to the service corporation or subsidiary.

3. To file any report requested by the commissioner, submit to periodic examination or audit by the commissioner and pay any expense of the examination or audit.

4. Not to directly or indirectly enter into a business venture with an officer, director or employe of the savings bank or of a service corporation or subsidiary unless the commissioner gives prior written approval.

5. To maintain books in accordance with generally accepted accounting principles.

6. To make all books and records available for examination by the commissioner on a timely basis.

(3) APPLICATION CONTENTS. (a) Corporations. An application for approval of an investment in a corporation under this section shall contain:

1. A copy of the corporation's articles of incorporation.
2. A copy of the corporation's bylaws.
3. A copy of the certificate of newly-elected officers.
4. An agreement by the corporation and each of its service corporations and subsidiaries to comply with sub. (2)(b).
5. Other information which the commissioner may require.

(b) Partnerships and joint ventures. An application for approval of an investment in a partnership or joint venture under this section shall contain the partnership or joint venture agreement and other information which the commissioner may require.

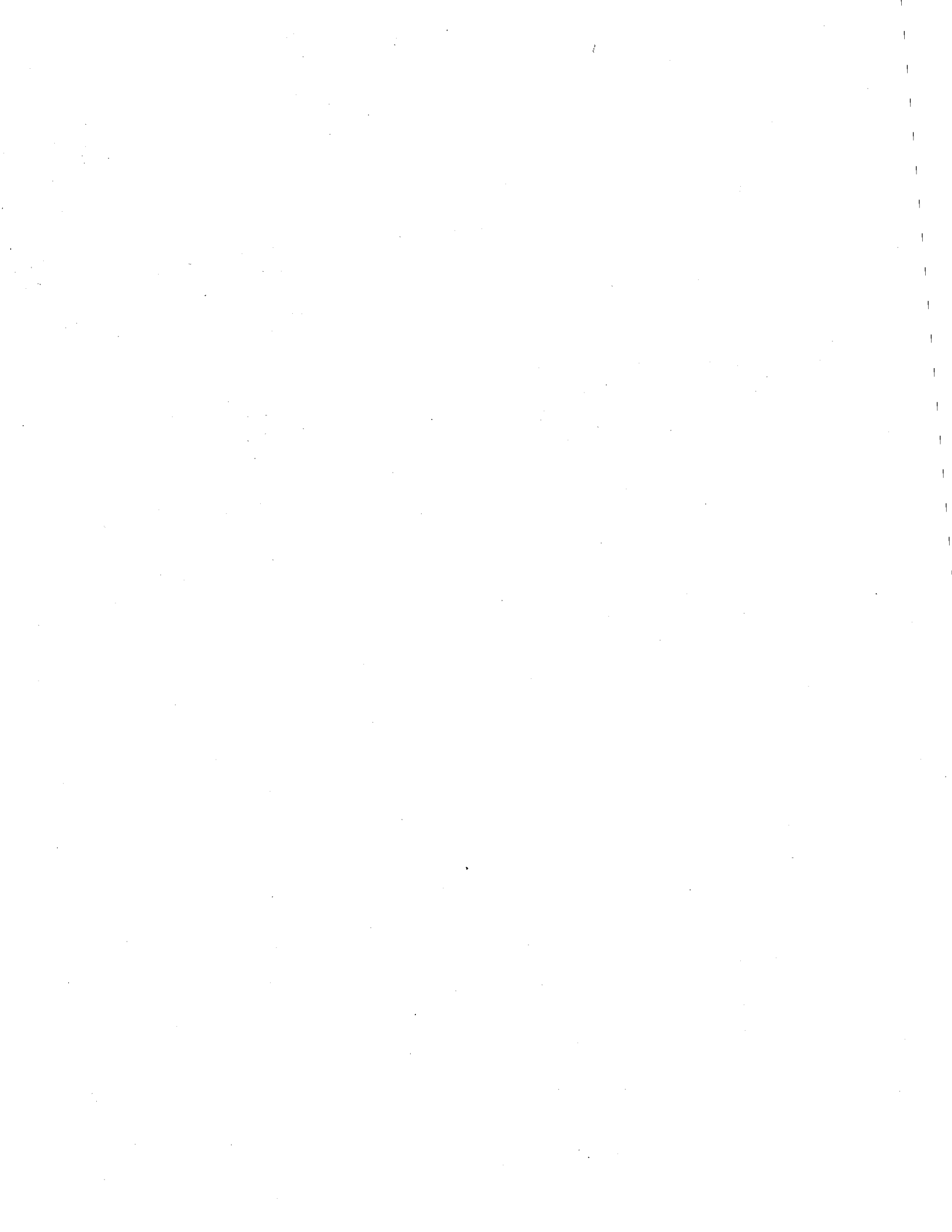
(4) SPECIAL APPROVAL. A savings bank may make an investment in a service corporation or subsidiary in which it has less than a majority and controlling interest only if the commissioner gives prior written approval.

(5) APPROVAL CONSIDERATIONS. In acting under this section, factors which the commissioner shall consider include:

- (a) The effect on the safety and solvency of the savings bank.
- (b) Compliance by the savings bank with ch. 214, Stats. and rules promulgated under it.
- (c) The anticipated benefit to the savings bank and its depositors and

other customers.

(d) The managerial capabilities and expertise of the personnel of the savings bank and any service corporations or subsidiaries.



CHAPTER SB 16

AUTHORIZED ACTIVITIES OF SAVINGS BANKS

SB 16.01 Powers of a savings bank

SB 16.02 Election of loan or investment classification

SB 16.01 POWERS OF A SAVINGS BANK (ss. 214.03, 214.04(28) and 214.57, Stats.) A savings bank may do all of the following:

(1) THIRD PARTY PAYMENTS. With or without fee, transfer an accountholder's funds from any account of an accountholder, or pursuant to any credit arrangement with the accountholder in the savings bank or in another financial institution, to a third party or to another account of the accountholder, in accordance with the accountholder's order or authorization. Such transfer may be made by any mechanism or device if the transfer conforms with applicable laws and established commercial practices.

(2) FEDERAL TAX DEPOSITORY. Serve as depository for federal taxes or as treasury tax and loan depository subject to regulation of the U. S. treasury department, and as a depository of public money and fiscal agent of the U.S. government or, when designated by an instrumentality and approved by the commissioner, of any other instrumentality of the government.

(3) DEPOSIT ACCOUNT FEES. Charge fees in connection with the administration of a deposit account except that a fee or a fee increase may be imposed only if a written, clear and conspicuous disclosure of the fee or fee increase and the method of computing it is delivered to the depositor before the depositor opens the account or mailed to the depositor not less than 30 days prior to the date the fee or fee increase takes effect, whichever is later.

(4) GOVERNMENT OBLIGATIONS. Invest in obligations of or issued by any state, territory or possession of the United States or political subdivision of any state, territory or possession, including any agency, corporation or instrumentality. A savings bank may invest in an obligation under this subsection only if the obligation continues to hold one of the 4 highest national investment grade ratings or is issued by a public housing agency and backed by the full faith and credit of the United States, except a savings bank may invest not more than 1% of its assets in obligations of this state or a political subdivision of this state regardless of rating or any other government obligation approved in writing by the commissioner.

(5) INDIVIDUAL RETIREMENT AND KEOGH PLAN ACCOUNTS. (a) Act as trustee of any trust created or organized in the United States and forming part of a stock bonus, pension or profit-sharing plan qualifying for specific tax treatment under s. 401(d) of the internal revenue code or trustee or custodian of an individual retirement account, as defined in s. 408(a) of the internal revenue code, with no active fiduciary duties if:

1. The savings bank invests the funds only in the savings bank's own accounts, deposits, obligations or securities; or

2. The savings bank invests the funds in such other assets as the customer may direct and the savings bank does not exercise any investment discretion or directly or indirectly provide any investment advice with respect to the trust or account.

(b) A savings bank acting as trustee or custodian pursuant to par. (a) shall include in bold type on the first page of any contract documents the following language: "Funds invested pursuant to this agreement are not insured by the federal deposit insurance corporation ("FDIC") merely because the trustee is an institution the accounts of which are covered by such insurance.

Only investments in the accounts of such an institution are insured by the FDIC, subject to its rules and regulations."

(6) MONEY MARKET ACCOUNT. Offer a money market account to the extent permitted by a federally chartered savings and loan or savings bank under 12 USC s. 1464 (b) and 12 C.F.R. s. 561.11f or a state chartered savings and loan or savings bank under s. SB 16.01(11).

(7) SALVAGE POWERS. Accept financial or other assets in satisfaction of a troubled debt or in trade for repossessed property, which assets shall be carried on the savings bank's books at no greater than market value, or take any other actions related to a troubled debt approved in writing by the commissioner. The value of any real property accepted in trade shall be supported by a current appraisal.

(8) SALE OF NONINSURED FINANCIAL PRODUCTS. (a) Authority. Both through a subsidiary under ch. SB 15 and directly by the savings bank, sell insurance products (including annuities and life, credit-life, health, property and casualty, unemployment compensation and mortgage guaranty insurance), equity securities (including preferred and common stocks and interests in mutual funds) as agents for the accounts of customers, real estate investment trust interests, corporate and municipal bonds and shares in uninsured brokered deposits.

(b) Prohibited activities. 1. "Sales by tellers at teller counters." Sales of noninsured financial products described in par. (a) made directly by savings bank personnel may not be sold at a teller counter by a teller or comparable person.

2. "Investments in savings bank or subsidiary." To avoid any actual or apparent conflict of interest, no investment advice may be given regarding, nor may transactions be made in, any equity security or debt instrument of the savings bank or any of its service corporations or subsidiaries.

(c) Disclosure. When a customer purchases an annuity, equity security, real estate investment trust interest, corporate or municipal bond or share in uninsured brokered deposits from a savings bank or a service corporation or subsidiary, the savings bank, service corporation or subsidiary shall obtain from the customer a signed document in a form prescribed by the commissioner, a copy of which the customer receives, disclosing that the product is not a deposit account and is not insured by a federal insuring agency.

SB 16.02 ELECTION OF LOAN OR INVESTMENT CLASSIFICATION. (s. 214.03, Stats.) If a savings bank makes an investment or loan under more than one provision of the statutes or this chapter, the savings bank may designate under which section the investment or loan or any portion of either is made and may change its designation at any time.

Chapter SB 17

TRUST POWERS

- SB 17.01 Definitions
- SB 17.02 Special permit
- SB 17.03 Filing applications
- SB 17.04 Administration of trust powers
- SB 17.05 Books and accounts
- SB 17.06 Audit of trust department
- SB 17.07 Segregation of assets, prohibited deposits
- SB 17.08 Funds awaiting investment or distribution
- SB 17.09 Investment of funds held as fiduciary
- SB 17.10 Self dealing
- SB 17.11 Custody of investments
- SB 17.12 Compensation of savings bank
- SB 17.13 Collective investment
- SB 17.14 Common trust funds
- SB 17.15 Indemnity fund
- SB 17.16 Surrender of trust powers
- SB 17.17 Effect of trust accounts of appointment of conservator or receiver
or voluntary dissolution of savings bank
- SB 17.18 Revocation of trust powers

SB 17.01 DEFINITIONS. In this chapter:

(1) "Account" means the trust, estate or other fiduciary relationship which has been established with a savings bank.

(2) "Custodian under a uniform transfers to minors act" means an account

established under ss. 880.61 to 880.72, Stats., or a substantially similar law of another state, and with respect to which the savings bank operating the account has established to the satisfaction of the commissioner that it has duties and responsibilities similar to the duties and responsibilities of a trustee or guardian.

(3) "Fiduciary" means a savings bank undertaking to act alone, through an affiliate, or jointly with others primarily for the benefit of another in all matters connected with its undertaking and includes but is not limited to trustee, executor, administrator, personal representative, guardian, receiver, managing agent, registrar of stocks and bonds, escrow agent, transfer agent, paying agent, trustee of employe pension, welfare and profit-sharing trusts, or any other similar capacity.

(4) "Fiduciary records" means all matters which are written, transcribed, recorded, received or otherwise come into the possession of a savings bank and are necessary to preserve information concerning the actions and events relevant to the fiduciary activities of a savings bank.

(5) "Guardian" means the guardian, conservator, or committee by whatever name employed by local law of the estate of an infant, an incompetent individual, an absent individual, or a competent individual over whose estate a court has taken jurisdiction, other than under bankruptcy or insolvency laws. "Guardian" includes, but is not limited to, a guardian or conservator appointed by a court under ch. 880, Stats.

(6) "Investment authority" means the responsibility conferred by action of law or a provision of an appropriate governing instrument to make, select or change investments, to review investment decisions made by others, or to provide investment advice or counsel to others.

(7) "Local law" means the law of the state or other jurisdiction

governing the fiduciary relationship.

(8) "Managing agent" means the fiduciary relationship assumed by a savings bank upon the creation of an account which names the savings bank as agent and confers investment discretion upon the savings bank.

(9) "Plan" means a plan adopted under s. SB 17.14.

(10) "State chartered corporate fiduciary" means any state bank, trust company, savings and loan association or other corporation which comes into competition with savings banks and is permitted to act in a fiduciary capacity under the laws of this state.

(11) "Trust department" means that group of officers and employees of a savings bank or of an affiliate of a savings bank to whom are assigned the performance of fiduciary services by the savings bank.

(12) "Trust powers" means the power to act in any fiduciary capacity.

NOTE: This section parallels 12 C.F.R. 550.1 and s. S-L 17.01.

SB 17.02 SPECIAL PERMIT. (ss. 214.03 and 214.04(12)(d) and (e), Stats.) The commissioner may, on application, grant a special permit to a savings bank or affiliate of a savings bank to exercise trust powers. The commissioner shall review and make a determination on the application within 30 business days of its receipt. Except as permitted under s. 214.04 (10) and (22), Stats., no savings bank may exercise trust powers without obtaining the permit.

NOTE: Sentence one parallels 12 U.S.C. 1464 (n) 1. The section parallels s. S-L 17.02.

SB 17.03 FILING APPLICATIONS. (1) APPLICATION. An application filed under s. SB 17.02 shall indicate the trust services the savings bank wishes to offer and provide the information necessary to make the determinations under sub. (2).

(2) FACTORS CONSIDERED. Factors the commissioner will consider in acting upon an application to exercise trust powers include, but are not limited to, the following:

(a) The financial condition of the savings bank, except trust powers may not be granted to a savings bank if its financial condition is such that the savings bank does not meet the financial standards required of state chartered corporate fiduciaries;

(b) The needs of the community for fiduciary services and the probable volume of fiduciary business available to the savings bank.

(c) The general character and ability of the management of the savings bank;

(d) The nature of the supervision to be given to the fiduciary activities, including the qualifications, experience and character of the proposed officers of the trust department; and

(e) Whether the savings bank has available legal counsel to advise and pass upon fiduciary matters.

NOTE: This section parallels 12 C.F.R. 550.2 and s. S-L 17.03.

SB 17.04 ADMINISTRATION OF TRUST POWERS. (1) GENERAL PROVISIONS. (a) Responsibility of the board of directors. The board of directors of a savings bank is responsible for the proper exercise of fiduciary powers by the savings

bank. All matters pertinent to the exercise of fiduciary powers, including the determination of policies, the investment and disposition of property held in a fiduciary capacity, and the direction and review of the actions of all officers, employes, and committees utilized by the savings bank in the exercise of its fiduciary powers, are the responsibility of the board. The board of directors may assign, by action entered in the minutes, the administration of any of the savings bank's trust powers to a director, officer, employe, or committee.

(b) Administration of accounts. No fiduciary account may be accepted without the prior approval of the board of directors, or of the director, officer, employe or committee to whom the board may have assigned the performance of that responsibility. A written record shall be made of acceptances and of the relinquishment or closing out of all fiduciary accounts. Upon the acceptance of an account for which the savings bank has investment responsibilities, the savings bank shall make a prompt review of the assets. The board shall also ensure that at least once during every calendar year thereafter, and within 15 months of the last review, all the assets held in or held for each fiduciary account for which the savings bank has investment responsibilities are reviewed to determine the advisability of retaining or disposing of the assets. The board shall act to ensure that all investments have been made in accordance with the terms and purposes of the governing instrument.

(2) USE OF OTHER SAVINGS BANK PERSONNEL. The trust department may utilize personnel and facilities of other departments of the savings bank, and other departments of the savings bank may utilize personnel and facilities of the trust department unless prohibited by law.

(3) COMPLIANCE WITH FEDERAL SECURITIES LAWS. Every savings bank exercising trust powers shall adopt written policies and procedures to ensure that federal securities laws are complied with in connection with any decision or recommendation to purchase or sell any security. The policies and

procedures shall ensure that the savings bank's trust department shall not use material inside information in connection with any decision or recommendation to purchase or sell any security.

(4) LEGAL COUNSEL. Every savings bank exercising fiduciary powers shall designate, employ or retain legal counsel who shall be readily available to pass upon fiduciary matters and to advise the savings bank and its trust department.

(5) BONDING. Directors, officers and employes of a savings bank engaged in the operation of a trust department shall acquire bond coverage as the commissioner may require.

(6) OATH OR AFFIDAVIT. If the laws of a state require that a corporation acting as trustee, executor, administrator, personal representative or in any capacity specified in this chapter shall take an oath or make an affidavit, the president, vice president, cashier or trust officer of the savings bank may take the necessary oath or execute the necessary affidavit.

NOTE: This section parallels 12 C.F.R. 550.5 and 12 U.S.C. 1464 (n) (7) and s. S-L 17.04.

SB 17.05 BOOKS AND ACCOUNTS. (1) GENERAL. Every savings bank exercising trust powers shall keep its fiduciary records separate and distinct from other records of the savings bank. All fiduciary records shall be kept and retained for such time as to enable the savings bank to furnish any information or reports with respect to the records as may be required by the commissioner. The fiduciary records shall contain full information on each account.

(2) RECORD OF PENDING LITIGATION. Every savings bank shall keep an adequate record of all pending litigation to which it is a party in connection with its exercise of trust powers.

NOTE: This section parallels 12 C.F.R. 550.6 and s. S-L 17.05.

SB 17.06 AUDIT OF TRUST DEPARTMENT. At least once during each calendar year, the savings bank's trust department shall be audited by certified public accountants in a manner consistent with s. 214.76, Stats. A copy of the report of the audit shall be promptly filed with the commissioner. Trust department audits may be made as part of the audits required by s. 214.76, Stats.

NOTE: This section parallels 12 C.F.R. 550.7 and s. S-L 17.06.

SB 17.07 SEGREGATION OF ASSETS; PROHIBITED DEPOSITS. Savings banks exercising any of the powers enumerated in this chapter shall segregate all assets held in any fiduciary capacity from the general assets of the savings bank. No savings bank may receive in its trust department deposits of current funds subject to check or the deposit of checks, drafts, bills of exchange, or other items for collection or exchange purposes.

NOTE: This section parallels 12 U.S.C. 1464 (n) (3) and (4) and s. S-L 17.07 and is intended to prohibit operating a check clearing exchange through a trust account.

SB 17.08 FUNDS AWAITING INVESTMENT OR DISTRIBUTION. (1) GENERAL. Funds held in a fiduciary capacity by a savings bank awaiting investment or distribution may not be held uninvested or undistributed any longer than is reasonable for the proper management of the account.

(2) USE BY ASSOCIATION IN REGULAR BUSINESS. Funds held in trust by a savings bank, including managed agency accounts, awaiting investment or distribution may, unless prohibited by the instrument creating the trust or by local law, be deposited in other departments of the savings bank, except the savings bank shall first set aside under control of the trust department as

collateral security:

(a) Direct obligations of the United States, or other obligations fully guaranteed by the United States as to principal and interest;

(b) Readily marketable securities of the classes in which state chartered corporate fiduciaries may invest trust funds; or

(c) Other readily marketable securities as the commissioner may determine.

(3) CONTINGENT LIEN. A savings bank shall ensure that in the event of its failure, the owners of the funds held in trust for investment under this chapter shall have a lien on the bonds or other securities set apart under sub. (2) in addition to their claim against the estate of the savings bank.

(4) AMOUNT OF COLLATERAL. Collateral securities or securities substituted for collateral securities as collateral shall at all times be at least equal in face value to the amount of trust funds deposited under sub. (2), but the security is not required to the extent that the funds so deposited are insured by the Federal Deposit Insurance Corporation.

(5) PRODUCTIVITY. Any funds held by a savings bank as fiduciary awaiting investment or distribution and deposited in other departments of the savings bank shall be made productive.

NOTE: This section parallels 12 C.F.R. 550.8 and 12 U.S.C. 1464 (n) (5).

SB 17.09 INVESTMENT OF FUNDS HELD AS FIDUCIARY. (1) PRIVATE TRUSTS. Funds held by a savings bank in a fiduciary capacity shall be invested in accordance with the instrument establishing the fiduciary relationship and local law. If the instrument does not specify the character or class of

investments to be made and does not give the savings bank, its directors, or its officers investment discretion in the matter, funds held under the instrument may be invested in any investment in which state chartered corporate fiduciaries may invest under local law.

(2) COURT TRUSTS. If, under local law, corporate fiduciaries appointed by a court are permitted to exercise discretion in investments, or if a savings bank acting as fiduciary under appointment by a court is vested with discretion in investments by an order of the court, funds of the accounts may be invested in any investments which are permitted by local law. Otherwise, a savings bank acting as fiduciary under appointment by a court shall make all investments of funds in such accounts under an order of that court. The orders in either case shall be preserved with the fiduciary records of the savings bank.

(3) COLLECTIVE INVESTMENT OF TRUST FUNDS. The collective investment of funds received or held by a savings bank as fiduciary is governed by ss. SB 17.13 and 17.14.

SB 17.10 SELF-DEALING. (1) PURCHASES. Unless authorized by the instrument creating the relationship, or by court order or local law, funds held by a savings bank as fiduciary shall not be invested in:

(a) Stock or obligations of, or property acquired from, the savings bank or its directors, officers, or employes, or individuals with whom there exists a connection, or organizations in which there exists an interest, which may affect the exercise of the best judgment of the savings bank in acquiring the property; or

(b) Stock or obligations of, or property acquired from, affiliates of the savings bank or their directors, officers or employes.

(2) LOANS. No savings bank may lend any officer, director, or employe any funds held in trust under the powers conferred by this chapter.

(3) SALE OR TRANSFER. Property held by a savings bank as fiduciary shall not be sold or transferred, by loan or otherwise, to the savings bank or its directors, officers, or employes, or to individuals with whom there exists a connection, or organizations in which there exists such an interest, which may affect the exercise of the best judgment of the savings bank in selling or transferring the property, or to affiliates of the savings bank or their directors, officers or employes, except:

(a) When lawfully authorized by the instrument creating the relationship or by court order or by local law;

(b) The savings bank may, if it has been advised by its counsel in writing that it has incurred as fiduciary a contingent or potential liability and desires to relieve itself from the liability, so sell or transfer property with the approval of the board of directors and the commissioner. The savings bank, upon the consummation of the sale or transfer, shall make reimbursement in cash at no loss to the account;

(c) As provided in the laws and rules governing collective investments;
or

(d) When required by the commissioner.

(4) INVESTMENT IN STOCK OF SAVINGS BANK. Except as provided in s. SB 17.08, funds held by a savings bank as fiduciary shall not be invested by the purchase of stock or obligations of the savings bank or its affiliates unless authorized by the instrument creating the relationship or by court order or by local law. However, if the retention of stock or obligations of the savings bank or its affiliates is authorized by the instrument creating the

relationship or by court order or by local law, it may exercise rights to purchase its own stock or securities convertible into its own stock when offered pro rata to stockholders, unless forbidden by local law. When the exercise of rights or receipt of a stock dividend results in fractional share holdings, additional fractional shares may be purchased to complement the fractional shares so acquired. In elections of directors, a savings bank's share held by the savings bank as sole trustee, whether in its own name as trustee or in the name of its nominee, may not be voted by the registered owner unless, under the terms of the trust, the manner in which the shares shall be voted may be determined by a donor or beneficiary of the trust and the donor or beneficiary actually directs how the shares will be voted.

(5) TRANSACTIONS BETWEEN ACCOUNTS. (a) A savings bank may sell assets held by it as fiduciary in one account to itself as fiduciary in another account if the transaction is fair to both accounts and if such transaction is not prohibited by the terms of any governing instrument or by local law.

(b) A savings bank may make a loan to an account from the funds belonging to another account, when the making of loans to a designated account is authorized by the instrument creating the account from which the loans are made, and is not prohibited by local law, and the terms of the transaction are fair to all accounts.

(c) A savings bank may make a loan to an account and may take as security assets of the account, provided the transaction is fair to the account and is not prohibited by local law.

NOTE: This section parallels 12 C.F.R. 550.10, 12 U.S.C. 1464 (n) (8) and s. S-L 17.10.

SB 17.11 CUSTODY OF INVESTMENTS. (1) SEGREGATION OF TRUST ASSETS AND JOINT CUSTODY. The investments of each account shall be kept separate from

the assets of the savings bank, and shall be placed in the joint custody or control of not fewer than 2 of the officers or employes of the savings bank designated for that purpose either by the board of directors of the savings bank or by one or more officers designated by the board of directors of the savings bank, and all such officers and employes shall be adequately bonded. To the extent permitted by law, a savings bank may permit the investments of a fiduciary account to be deposited elsewhere.

(2) SEGREGATION OF ACCOUNTS. The investments of each account shall be either:

(a) Kept separate from those of all other accounts, except as provided in s. SB 17.13; or

(b) Adequately identified as the property of the relevant account.

NOTE: This section parallels 12 C.F.R. 550.11 and s. S-L 17.11.

SB 17.12 COMPENSATION OF SAVINGS BANK. (1) GENERAL. If the amount of the compensation for acting in a fiduciary capacity is not regulated by local law or provided for in the instrument creating the fiduciary relationship or otherwise agreed to by the parties, a savings bank acting in such capacity may charge or deduct a reasonable compensation for its services. When the savings bank is acting in a fiduciary capacity under appointment by a court, it shall receive the compensation allowed or approved by that court or by local law.

(2) OFFICER OR EMPLOYEE OF SAVINGS BANK AS CO-FIDUCIARY. No savings bank may except with the specific approval of its board of directors, permit any of its officers or employes, while serving as a co-fiduciary, to retain any compensation for acting as a co-fiduciary with the savings bank in the administration of any account undertaken by it.

(3) BEQUESTS OR GIFTS TO TRUST OFFICERS AND EMPLOYES. No savings bank may permit an officer or employe engaged in the operation of its trust department to accept a bequest or gift of assets held in a fiduciary capacity by the savings bank unless the bequest or gift is directed or made by a relative of the officer or employe or is approved by the board of directors of the savings bank.

NOTE: This section parallels 12 C.F.R. 550.12 and S-L 17.12.

SB 17.13 COLLECTIVE INVESTMENT. (1) DEFINITION. In this section and in s. SB 17.14, the term "savings bank" includes 2 or more savings banks which are members of the same affiliated group with respect to any fund established under this section of which any of the affiliated savings banks is trustee, or of which 2 or more of the affiliated savings banks are co-trustees.

(2) FUNDS. When not prohibited by local law, funds held by a savings bank as fiduciary may be held in:

(a) A common trust fund maintained by the savings bank exclusively for the collective investment and reinvestment of moneys contributed to the common trust fund by the savings bank in its capacity as trustee, executor, administrator, personal representative, guardian, or custodian under a uniform transfers to minors act;

(b) A fund consisting solely of assets of retirement, pension, profit sharing, stock bonus or other trusts which are exempt from federal income taxation under the Internal Revenue Code.

(3) ADMINISTRATION; REPORTS. Collective investments of funds or other property by a savings bank under sub. (1) shall be administered in accordance with s. SB 17.14. Any documents required to be filed with the comptroller of the currency under 12 C.F.R. 9.18 shall also be filed with the commissioner

who may review the documents for compliance with all relevant laws and rules.

NOTE: This section parallels 12 C.F.R. 550.13 and s. S-L 17.13.

SB 17.14 COMMON TRUST FUNDS. Investment of funds or other property under s. SB 17.13 shall be administered as follows:

(1) COLLECTIVE INVESTMENT FUNDS. Each collective investment fund shall be established and maintained in accordance with a written plan which shall be approved by a resolution of the savings bank's board of directors and filed with the commissioner. A copy of the plan shall be available at the principal office of the savings bank for inspection during all business hours, and upon request a copy of the plan shall be furnished to any person. The plan shall contain appropriate provisions not inconsistent with this chapter as to the manner in which the fund is to be operated. The plan shall include provisions relating to:

(a) The investment powers and a general statement of the investment policy of the savings bank with respect to the fund;

(b) The allocation of income, profits and losses;

(c) The terms and conditions governing the admission or withdrawal of participations in the fund;

(d) The auditing of accounts of the savings bank with respect to the fund;

(e) The basis and method of valuing assets in the fund, setting forth specific criteria for each type of asset;

(f) The minimum frequency for valuation of assets of the fund;

(g) The period following each valuation date during which the valuation may be made which period in usual circumstances shall not exceed 10 business days;

(h) The basis upon which the fund may be terminated; and

(i) Other matters as may be necessary to define clearly the rights of participants in the fund.

(2) TRUSTS. Property held by a savings bank in its capacity as trustee of retirement, pension, profit-sharing, stock bonus or other trusts which are exempt from federal income taxation under any provisions of the Internal Revenue Code may be invested in collective investment funds established under s. SB 17.13(1)(a) or (b) subject to restrictions under this section. Assets of retirement, pension, profit-sharing, stock bonus, or other trusts which are exempt from federal income taxation under section 401 of the Internal Revenue Code may be invested in collective investment funds established under s. SB 17.13(1)(b) if the fund qualifies for tax exemption under Revenue Ruling 56.267 and following rulings.

(3) PARTICIPANTS. All participants in a collective investment fund shall be on the basis of a proportionate interest in all of the assets. In order to determine whether the investment of funds received or held by a savings bank as fiduciary in a participation in a collective investment fund is proper, the savings bank may consider the collective investment fund as a whole and shall not, for example, be prohibited from making the investment because any particular asset is non-income producing.

(4) VALUATION. Not less frequently than once during each period of 3 months, a savings bank administering a collective investment fund shall determine the value of the assets in the fund as of the date set for the

valuation of assets. No participation may be admitted to or withdrawn from the fund except on the basis of the valuation as of the valuation date; and on written request for or notice of intention of taking that action which is entered on or before the valuation date in the fiduciary records of the savings bank and approved in the manner the board of directors prescribes. No request or notice may be canceled or countermanded after the valuation date.

(5) AUDIT. (a) A savings bank administering a collective investment fund shall at least once during each period of 12 months cause an adequate audit to be made of the collective investment fund by auditors responsible only to the board of directors of the savings bank. In the event the audit is performed by independent public accountants, the reasonable expenses of the audit may be charged to the collective investment fund.

(b) A savings bank administering a collective investment fund shall at least once during each period of 12 months prepare a financial report of the fund. This report, based upon the audit required under par. (a), shall contain a list of investments in the fund showing the cost and current market value of each investment; a statement for the period since the previous report showing purchases, with cost; sales, with profit or loss and any other investment changes; income and disbursements; and an appropriate notation as to any investments in default.

(c) The financial report under par. (b) may include a description of the fund's value on previous dates, as well as its income and disbursements during previous accounting periods. No predictions or representations as to future results may be made. In addition, as to funds described in s. SB 17.13(1)(a) neither the report nor any other publication of the savings bank may make reference to the performance of funds other than those administered by the savings bank.

(d) A copy of the financial report required under par. (b) shall be

furnished, or notice shall be given that a copy of the report is available and will be furnished without charge upon request, to each person to whom a regular periodic accounting would ordinarily be rendered with respect to each participating account. A copy of the financial report may be furnished to prospective customers. The cost of printing and distribution of these reports shall be borne by the savings bank. In addition, a copy of the report shall be furnished upon request to any person for a reasonable charge. The fact of the availability of the report for any fund described in s. SB 17.13(1)(a) may be given publicity solely in connection with the promotion of the fiduciary services of the savings bank.

(e) Except as provided in this section a savings bank may not advertise or publicize its collective investment fund described in s. SB 17.13(1)(a).

(5) DISTRIBUTIONS. When participations are withdrawn from a collective investment fund, distributions may be made in cash or ratably in kind, or partly in cash and partly in kind except that all distributions as of any one valuation date shall be made on the same basis.

(6) WITHDRAWALS. If for any reason an investment is withdrawn in kind from a collective investment fund for the benefit of all participants in the fund at the time of the withdrawal and the investment is not distributed ratably in kind, it shall be segregated and administered or realized upon for the benefit ratably of all participants in the collective investment fund at the time of withdrawal.

(7) FIDUCIARY CAPACITY. (a) No savings bank may have any interest in a collective investment fund other than in its fiduciary capacity. Except for temporary net cash overdrafts or as otherwise specifically provided under this section, a savings bank may not lend money to a fund, sell property to, or purchase property from a fund. No assets of a collective investment fund may be invested in stock or obligations, including time or savings deposits, of

the savings bank or any of its affiliates except that deposits may be made of funds awaiting investment or distribution. Subject to this chapter, funds held by a savings bank as fiduciary for its own employes may be invested in a collective investment fund. A savings bank may not make any loan on the security of a participation in a fund. If, because of a creditor relationship or otherwise, the savings bank acquires an interest in a participation in a fund, the participation shall be withdrawn on the first date on which withdrawal can be affected. However, an unsecured advance until the time of the next valuation date to an account holding a participation is not deemed to constitute the acquisition of an interest by the savings bank.

(b) Any savings bank administering a collective investment fund may purchase for its own account from the fund any defaulted fixed income investment held by the fund, if in the judgment of the board of directors the cost of segregation of the investment would be greater than the difference between its market value and its principal amount plus interest and penalty charges due. If the savings bank elects to so purchase the investment, it shall do so at its market value or at the sum of cost, accrued unpaid interest, and penalty charges, whichever is greater.

(8) PROHIBITIONS. Except in the case of collective investment funds described in s. SB 17.13(1)(b):

(a) No funds or other property may be invested in a participation in a collective investment fund if as a result of the investment the participant would have an interest aggregating in excess of 10% of the then market value of the fund except in applying this limitation if 2 or more accounts are created by the same person and as much as one-half of the income or principal of each account is payable or applicable to the use of the same person the accounts shall be considered as one.

(b) No investment for a collective investment fund may be made in

stocks, bonds, or other obligations of any one person, firm, or corporation if as a result of the investment the total amount invested in stocks, bonds or other obligations issued or guaranteed by the person, firm or corporation would aggregate in excess of 10% of the then market value of the fund except this limitation does not apply to investments in direct obligations of the United States or other obligations fully guaranteed by the United States as to principal and interest.

(c) Any savings bank administering a collective investment fund shall maintain in cash and readily marketable investments a portion of the assets of the fund sufficient to provide adequately for the needs of participants and to prevent inequities between the participants. If, prior to any admissions to or withdrawals from a fund, the savings bank determines that after affecting the admissions and withdrawals which are to be made less than 40% of the value of the remaining assets of the collective investment fund would be composed of cash and readily marketable investments, no admissions to or withdrawals from the fund may be permitted as of the valuation date upon which the determination is made except a ratable distribution upon all participants may be made.

(9) EXPENSES. The reasonable expenses incurred in servicing mortgages held by a collective investment fund may be charged against the income account of the fund and paid to servicing agents, including the savings bank administering the fund.

(10) INCOME TRANSFERS. (a) A savings bank may transfer up to 5% of the net income derived by a collective investment fund from mortgages held by the fund during any regular accounting period to a reserve account. No transfers shall be made which would cause the amount in the account to exceed 1% of the outstanding principal amount of all mortgages held in the fund. The amount of the reserve account, if established, shall be deducted from the assets of the fund in determining the fair market value of the fund for the purposes of

admissions and withdrawals.

(b) At the end of each accounting period all interest payments which are due but unpaid with respect to mortgages in the fund shall be charged against the reserve account to the extent available and credited to income distributed to participants. If interest payments are subsequently recovered by the fund, the reserve account shall be credited with the amount recovered.

(11) MANAGEMENT. A savings bank administering a collective investment fund shall manage the fund exclusively. The savings bank may charge a fee for the management of the collective investment fund. The fractional part of the fee proportionate to the interest of each participant shall not, when added to any other compensation charged by a savings bank to a participant, exceed the total amount of compensation which would have been charged to the participant if no assets of the participant had been invested in participation in the fund. The savings bank shall absorb the costs of establishing or reorganizing a collective investment fund.

(12) CERTIFICATES PROHIBITED. No savings bank administering a collective investment fund may issue any certificate or other document evidencing a direct or indirect interest in the fund in any form.

(13) CORRECTING MISTAKES. No mistake made in good faith and in the exercise of due care in connection with the administration of a collective investment fund violates this chapter if promptly after the discovery of the mistake the savings bank takes whatever action may be practicable in the circumstances to remedy the mistake.

SB 17.15 INDEMNITY FUND. A savings bank applying for trust powers under this chapter shall comply with s. 220.04(7)(b) 3, Stats. and s. Bkg 15.04.

SB 17.16 SURRENDER OF TRUST POWERS. (1) RESOLUTION. Any savings bank

powers is placed in voluntary dissolution, the liquidating agent shall, in accordance with local law, proceed at once to liquidate the affairs of the trust department as follows:

(a) All trusts and estates over which a court is exercising jurisdiction shall be closed or disposed of as soon as practicable in accordance with the order or instructions of the court; and

(b) All other accounts which can be closed promptly shall be closed as soon as practicable and final accounting made for the closed accounts and all remaining accounts shall be transferred by appropriate legal proceedings to substitute fiduciaries.

NOTE: This section parallels 12 C.F.R 550.15 and s. S-L 17.17.

SB 17.18 REVOCATION OF TRUST POWERS. (1) NOTICE OF INTENT. In addition to the other sanctions available, if, in the opinion of the commissioner, a savings bank is unlawfully or unsoundly exercising, or has failed for a period of 5 consecutive years to exercise, the powers granted by this chapter or otherwise fails to comply with the requirements of this chapter, the commissioner may issue and serve upon the savings bank a notice of intent to revoke the authority of the savings bank to exercise the powers granted by this chapter. The notice shall contain a statement of the facts constituting the alleged unlawful or unsound exercise of powers, or failure to exercise powers, or failure to comply with the requirements of this chapter, and shall fix a time and place at which a hearing will be held to determine whether an order revoking authority to exercise trust powers should be issued against the savings bank.

(2) HEARING. A hearing under sub. (1) shall be conducted as a contested class 2 hearing under ch. 227, Stats.

may surrender its rights to exercise trust powers by filing with the commissioner a certified copy of a resolution of its board of directors.

(2) INVESTIGATION; CERTIFICATE. Upon receipt of the resolution under sub. (1), the commissioner shall make an investigation and if satisfied that the savings bank has been discharged from all fiduciary duties which it has undertaken, the commissioner shall issue a certificate to the savings bank certifying that it is no longer authorized to exercise fiduciary powers.

(3) CANCELLATION OF AUTHORITY. On issuance of a certificate under sub. (2) by the commissioner, a savings bank:

(a) Is no longer subject to this chapter;

(b) Is entitled to have returned to it the indemnity fund required by s. Bkg 15.04; and

(c) Shall not exercise any of the powers granted by this chapter without first applying for and obtaining new authorization to exercise trust powers.

NOTE: This section parallels 12 C.F.R. 550.14 and s. S-L 17.16.

SB 17.17 EFFECT OF TRUST ACCOUNTS OF APPOINTMENT OF CONSERVATOR OR RECEIVER OR VOLUNTARY DISSOLUTION OF SAVINGS BANK.(1) APPOINTMENT OF LIQUIDATOR, CONSERVATOR OR RECEIVER. Whenever a liquidator, conservator or receiver is appointed for a savings bank, the liquidator, receiver or conservator shall, pursuant to the instructions of the commissioner and the orders of the court having jurisdiction, close such of the savings bank's trust accounts as can be closed promptly and transfer all other trust accounts to substitute fiduciaries.

(2) VOLUNTARY DISSOLUTION. Whenever a savings bank exercising trust

(3) REVOCATION ORDER. Unless the savings bank served under sub. (1) appears at the hearing by a duly authorized representative, it is deemed to have consented to the issuance of the revocation order. In the event of consent or if, upon the record made at the hearing, the commissioner finds that any allegation specified in the notice of charges has been established, the commissioner may issue and serve upon the savings bank an order prohibiting it from accepting any new or additional trust accounts and revoking authority to exercise powers granted by this chapter except that the order shall permit the savings bank to continue to service all previously accepted trust accounts pending their expeditious divestiture or termination.

(4) EFFECTIVE PERIOD. A revocation order is effective not earlier than the expiration of 30 days after service of the order upon the savings bank, except a consent revocation order which is effective at the time specified in the order, and shall remain effective and enforceable, except to the extent it is stayed, modified, terminated, or set aside by action of the commissioner or a reviewing court.

NOTE: This section parallels 12 C.F.R. 550.16 and s. S-L 17.18

CHAPTER SB 18

REQUIREMENTS TO ORGANIZE A NEW SAVINGS BANK

SB 18.01 Minimum requirement for new savings banks.

SB 18.01 MINIMUM REQUIREMENT FOR NEW SAVINGS BANKS.

(ss. 214.24(2) and (3), Stats.) (1) CAPITAL STOCK SAVINGS BANKS. Except as provided under sub. (2), the commissioner may approve the organization of a stock savings bank and issue a certificate of incorporation only if stockholders pay to the savings bank capital of at least \$500,000 or a higher amount as the commissioner may determine.

(2) INTERIM STOCK SAVINGS BANK. The commissioner may waive any portion of this chapter if the organization of a stock savings bank is to facilitate the aquisition of 100% of the voting stock of an existing stock savings bank by a savings bank holding company or to facilitate any other transaction which is approved by the commissioner and involves an existing stock savings bank.

(3) MUTUAL SAVINGS BANKS. The commissioner may approve the organization of a mutual savings bank and issue a certificate of incorporation only if:

(a) Savings account subscriptions are obtained from at least 100 persons;
and

(b) At least \$500,000 in savings account subscriptions are obtained.

CHAPTER SB 20
PROCEDURES BEFORE THE SAVINGS BANK
REVIEW BOARD

SB 20.01 Appeals to the review board

SB 20.01 APPEALS TO THE REVIEW BOARD. (ss. 214.275, 214.78 and 214.785, Stats.) (1) NOTICE OF HEARING. Upon receiving a properly executed notice of appeal stating grounds for review within the review board's jurisdiction, the review board shall request the commissioner to make available to it the full public record of the matter appealed. The review board shall determine if a hearing is appropriate. If a hearing is appropriate, the review board shall, within 30 days of receiving the notice of appeal, serve a notice of hearing upon the appellant and each party to the matter appealed. The notice shall assign the time and place of the hearing, if any, and shall indicate whether briefs or oral arguments or both based upon the record will be allowed and whether additional evidence will be received.

(2) BRIEFS. When briefs are allowed by the review board:

(a) The appellant shall, within 15 days after receiving notice of hearing on appeal, file with the review board 8 copies of its brief and shall serve at least one copy upon each respondent. The appellant's brief shall contain:

1. A concise statement of the questions presented by the appeal.
2. A clear and concise statement of the facts relied upon by the appellant, including appropriate references to pages of the record when cited.
3. Argument in support of the appeal.

(b) Within 15 days after receiving a copy of the appellant's brief, or as otherwise directed by the review board, the respondent shall file with the review board 8 copies of its brief and shall serve at least one copy upon the appellant. The respondent's brief shall contain:

1. A concise statement of the questions presented by the appeal if the

respondent disagrees with the appellant's statement of such questions.

2. A concise statement of any facts the respondent deems necessary to correct or amplify the appellant's statement of facts.

3. Argument in support of the respondent.

(3) COMMISSIONER A PARTY TO CERTAIN APPEALS. (a) Except as provided in par. (b), the commissioner shall be deemed a party to each appeal to the review board.

(b) When an appeal is based upon a decision made by the commissioner to grant or deny a certificate under s. 214.26(8), 214.27(2) or 214.772(4)(b), Stats., or to approve or disapprove an application under s. 214.04(26) or (27) or 214.06, Stats., the commissioner shall be a party only to the extent that the appeal is based upon a procedural rule or ruling made by the commissioner.

SECTION 2. Effective date. Pursuant to s. 227.22(2)(intro.), Stats., this rule is effective on the first day of the month following its publication in the Wisconsin administrative register.

