

1983 Senate Bill 401

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1983 Wisconsin Act 369

AN ACT *to repeal* 186.05 and 186.112 (2); *to renumber* 186.10, 186.11 (2) and 186.112 (1); *to amend* 186.04 (1) to (4), 186.06 (3) (c), 186.07 (2), 186.08 (1) (intro.), 186.09 (1) and (8) (a), 186.10 (title), 186.113 (1m) (a) (intro.) and 2, 186.113 (6) (intro.), 186.12, 186.22 (4) (f), 186.29 (6) and (13) (a), 186.35 (2) (b), (3) (intro.), (5) (a) to (e), (6) and (8), 757.293 (2), 880.04 (2) (a) and 880.13 (2) (b); *to repeal and recreate* 186.02, 186.11 (4) and 186.35 (5) (g); and *to create* 186.06 (3) (d), 186.09 (11), 186.10 (2) and 186.11 (2) (a) of the statutes, *relating to* miscellaneous changes affecting credit unions.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 186.02 of the statutes is repealed and recreated to read:

186.02 Incorporation, bylaws, amendment, fees. (1) Seven or more residents of this state may organize a credit union by filing with the commissioner the proposed articles of incorporation in duplicate and a verified copy of the proposed original bylaws, together with a \$5 filing fee. The articles of incorporation shall state the name and purpose of the credit union, the location of its initial principal office, the par value of its shares, and the names, residences and occupations of the incorporators.

(2) (a) The bylaws shall prescribe all of the following:

1. The conditions of residence or occupation which qualify persons for membership.

2. The par value of the shares of capital stock not exceeding \$25 per share.
3. The conditions on which accounts may be paid in, transferred and withdrawn.
4. The method of receipting for money paid on accounts.
5. The number of directors and the length of their terms.
6. The duties of the officers of the credit union.
7. The time of the annual meeting of members, to be held on or before June 30.
8. The manner by which members and directors are notified of meetings.
9. The number of members and directors constituting a quorum.
10. The powers and duties of the credit committee or the loan officers, if any.
11. The procedures for amending the bylaws.
12. Other necessary or appropriate provisions.

(b) Credit unions shall be open:

1. Groups having common or related bonds of occupation or association.
2. Residents within a well-defined neighborhood, community or rural district.
3. Employes of related or vicinal industries.
4. Members of bona fide fraternal, religious, cooperative, labor, rural, educational, or similar organizations and employes of the credit union.

(c) Members of the immediate family of all qualified persons are eligible for membership. In this paragraph, "members of the immediate family" include the wife, husband, parents and children of a member whether living together in the same household or not and any other relatives of the member or spouse of a member living together in the same household as the member.

(d) Organizations and associations of individuals, the majority of whom are eligible for membership, may be admitted to membership in the same manner and under the same conditions as individuals.

(e) An individual member who ceases to qualify for membership under the bylaws may retain his or her full membership in the credit union at the discretion of the board of directors.

(f) If the bylaws require a member to purchase capital stock, an amount equivalent to the value of the required number of shares deposited by the member in any deposit account of the credit union may be treated as the member's share account.

(3) (a) Subject to par. (b), a credit union may not be organized unless the articles and bylaws are approved by the commissioner. If the commissioner approves the articles and bylaws, the commissioner shall return one duplicate original of the articles of incorporation to the incorporators endorsed with his or her approval, and the incorporators shall within 30 days file the articles of incorporation for recording in the office of the register of deeds of the county in which the credit union is to be located. The legal existence of the credit union commences on the date and time the articles are filed. The register of deeds shall transmit to the commissioner a certificate stating the date and time when the articles were filed, and the commissioner shall issue a certificate of incorporation to the credit union.

(b) If the commissioner refuses to approve the articles or bylaws, the incorporators may appeal the refusal to the credit union review board and the decision of the board is final, subject to judicial review under ch. 227.

(4) (a) Amendments to the articles of incorporation adopted by a vote of two-thirds of the members of the credit union present at an annual meeting or a special meeting called for that purpose may be filed with the commissioner upon payment of a \$5 fee. If

approved by the commissioner, amendments to the articles are effective on filing in the office of the register of deeds in the same manner as the original articles.

(b) All amendments to the bylaws shall be filed with the commissioner and shall take effect only after being approved by the commissioner.

SECTION 1m. 186.04 (1) to (4) of the statutes are amended to read:

186.04 (1) The commissioner, with the approval of the credit union review board, shall fix the amounts to be assessed against credit unions ~~and corporations in which credit unions invest under s. 186.11 (4)~~ for their supervision and the examination under and by virtue of this chapter. Such amounts shall be determined and paid as provided in this section.

(2) On or before July 15 of each year, each credit union ~~and corporation in which credit unions invest under s. 186.11 (4)~~ shall pay to the office of the commissioner an annual fee to be determined as provided in sub. (1), which shall represent as nearly as practicable its fair share of the maintenance of the office of the commissioner.

(3) In addition to the annual fee, each credit union ~~and corporation in which credit unions invest under s. 186.11 (4)~~ shall be assessed for the cost of every examination made, which cost shall be determined as provided in sub. (1) and shall include the pro-rated amount of salaries and expenses of all examiners and other employees actively engaged in the examination, the salaries and expenses of any other person whose services are required in connection with the examination and any reports thereof, and any other expenses which may be directly attributable thereto. Any charge so made shall be paid within 30 days from the date the credit union ~~or corporation~~ receives notice of the assessment of such fee.

(4) Failure of any credit union ~~or corporation~~ to pay any amount as provided in this section shall be grounds for the revocation of the charter of the credit union failing to make the payment ~~or revocation of approval of the articles of incorporation and bylaws of the corporation failing to make the payment.~~

SECTION 2. 186.05 of the statutes is repealed.

SECTION 3. 186.06 (3) (c) of the statutes is amended to read:

186.06 (3) (c) Remove, by a three-fourths vote of the members present, any officer or member of the credit committee, loan officer or member of the board of directors, and fill the vacancy caused by such the removal and amend the bylaws by a plurality of the members present, if the notice of the meeting specified the questions to be considered.

SECTION 4. 186.06 (3) (d) of the statutes is created to read:

186.06 (3) (d) Amend the bylaws, by a three-fourths vote of the members present, if the notice of the meeting specified the proposed amendments.

SECTION 5. 186.07 (2) of the statutes is amended to read:

186.07 (2) Except during the first 12 months of the existence of the credit union, no person may be elected as a director unless the person is a natural person who for at least the 3 months immediately prior to the date of election and on the date of election has been a member in good standing of the credit union. Any director who withdraws or is expelled from membership in the credit union shall be removed from the board of directors. The vacancy shall be filled ~~for a balance of the term~~ until the next annual meeting of the members by an appointment by the board of directors within 30 days after the date of removal.

SECTION 6. 186.08 (1) (intro.) of the statutes is amended to read:

186.08 (1) (intro.) At ~~their~~ its first meeting the board of directors shall elect from their number a chairman ~~of the board~~ and one or more vice chairmen, a secretary and a treasurer. ~~The directors~~ and shall appoint a president ~~and~~. The board or the president may appoint one or more vice presidents in accordance with the bylaws. The president shall

be the operating executive officer. The president and vice presidents may be directors. Any 2 or more offices may be held by the same person, except the offices of president and secretary and the offices of president and vice president. The board of directors shall have the general management of the affairs, funds and records of the credit union, and shall meet as often as may be necessary. It shall be ~~their special~~ the board's duty:

SECTION 7. 186.09 (1) and (8) (a) of the statutes are amended to read:

186.09 (1) The credit union may make loans to members upon ~~such~~ terms as approved by the credit committee or ~~a loan officers~~ officer at rates of interest not to exceed ~~the any applicable maximum~~ rate permitted by ch. 422.

(8) (a) The credit committee or a loan officer may approve ~~in advance~~, upon its own motion or upon application by a member, an extension of credit, and loans may be granted to ~~such~~ the member within the limit of ~~such~~ the extension of credit. The credit committee or loan officers shall ~~annually~~ review all extensions of credit in accordance with written policies adopted by the board of directors.

SECTION 8. 186.09 (11) of the statutes is created to read:

186.09 (11) A credit union may make loans to members that are guaranteed or insured by the federal government, any state or any federal or state agency. Loans under this subsection may be made under the conditions required for the insurance or guarantee.

SECTION 9. 186.10 (title) of the statutes is amended to read:

186.10 (title) Minors' rights; shares in trust.

SECTION 10. 186.10 of the statutes is renumbered 186.10 (1).

SECTION 11. 186.10 (2) of the statutes is created to read:

186.10 (2) Shares may be issued in trust, subject to any conditions prescribed in the bylaws. If shares are issued in trust, the name of the beneficiary shall be disclosed to the credit union.

SECTION 12. 186.11 (2) of the statutes is renumbered 186.11 (2) (b).

SECTION 13. 186.11 (2) (a) of the statutes is created to read:

186.11 (2) (a) Subject to par. (b), a credit union may purchase, hold and dispose of property as necessary for or incidental to its operations.

SECTION 14. 186.11 (4) of the statutes is repealed and recreated to read:

186.11 (4) INVESTMENT IN CREDIT UNION SERVICE CORPORATIONS. (a) A credit union may invest not more than 10% of its regular reserve in the capital shares or obligations of a corporation organized primarily to provide goods and services specified in par. (b) to credit unions and credit union organizations.

(b) A corporation under par. (a) may provide goods and services relating to one or more of the following functions:

1. Credit union operations, including service centers, credit and debit card services, automated teller and remote terminal services, accounting systems, data processing, management training and support, payment item processing, record retention and storage, locator services, research, debt collection, credit analysis and loan servicing and coin and currency services.

2. Family financial services including financial planning and counseling, retirement counseling, estate planning and income tax preparation.

3. Development and administration of individual retirement accounts, Keogh plans and other personnel benefit plans.

4. Provision of trust services, including service as trustee and in other similar fiduciary capacities.

5. Acting as agent for the sale of insurance, including liability, casualty, automobile, life, health, accident, title and other insurance.
6. Personal property leasing and development of leasing plans.
7. Other services associated with the routine operation of credit unions and credit union organizations.

SECTION 14g. 186.112 (1) of the statutes is renumbered 186.112.

SECTION 14r. 186.112 (2) of the statutes is repealed.

SECTION 15. 186.113 (1m) (a) (intro.) and 2 of the statutes are amended to read:

186.113 (1m) (a) (intro.) Establish limited services offices outside this state to serve any member of the credit union if all of the following requirements are met:

2. The common bond among the members of the credit union establishing limited services offices under this subsection is employment by a corporation, partnership or association ~~whose principal which maintains an office is located~~ or other facility in this state. A limited services office lawfully established under this subsection may continue in service notwithstanding the fact that the corporation, partnership, or association is acquired by an entity whose principal office is outside this state.

SECTION 16. 186.113 (6) (intro.) of the statutes is amended to read:

186.113 (6) (intro.) Provide pension savings programs and deferred income accounts. ~~The guaranty on any pension savings account provided under this subsection shall be \$100,000 on each separate account.~~ In order to carry out its authority under this subsection, a credit union may:

SECTION 17. 186.12 of the statutes is amended to read:

186.12 Compensation of officers, sureties, operation expenses. (1) No member of the board of directors may receive any compensation for ~~his~~ services as a member of the board other than reasonable health, accident and similar insurance.

(2) A member of the credit committee or a loan officer shall not, directly or indirectly, become surety for any loan or advance made by the credit union.

(3) The officers elected by the board of directors, the members of the credit committee and loan officers may receive such compensation as the board authorizes, but the expenditures of the credit union for all purposes shall be paid from its earnings.

SECTION 18. 186.22 (4) (f) of the statutes is amended to read:

186.22 (4) (f) To designate as depositories of its funds any credit union, bank, trust company, or savings bank of this state, or any national banking association located in this state doing a banking business under the laws of the United States.

SECTION 19. 186.29 (6) and (13) (a) of the statutes are amended to read:

186.29 (6) COMPENSATION AND EXPENSES IN CONNECTION WITH LIQUIDATION. The compensation of the special deputy commissioners, counsel and other employes and assistants, and all expenses of supervision and liquidation shall be fixed by the commissioner, subject to the approval of the circuit court for the county in which ~~such~~ the credit union is located, and shall upon the certificate of the commissioner be paid out of the funds of ~~such~~ the credit union. Expenses of supervision and liquidation ~~shall~~ include the cost of the ~~service~~ services rendered by the office of the commissioner ~~of credit unions~~ to the credit union being liquidated ~~and~~. The cost of these services shall be determined from time to time by the commissioner and ~~shall be paid to the office of the commissioner of credit unions~~ from the assets of the credit union as other expenses of liquidation are paid. The moneys collected by the special deputy commissioner shall be ~~from time to time~~ deposited in one or more ~~state banks~~ central credit unions, and, in case of the suspension or insolvency of ~~the~~ a depository, such deposits shall be preferred before all other deposits.

(13) (a) Unclaimed liquidating dividends and unclaimed funds remaining unpaid in the hands of the special deputy commissioner for 6 months after the order for final distribution shall be ~~by him~~ deposited by the deputy commissioner in one or more state banks, ~~to the credit of the commissioner~~ central credit unions in his the name, of the commissioner in trust for the several shareholders and creditors of the liquidated credit union. The commissioner shall include in his or her annual report to the governor the names of credit unions ~~so of which the commissioner has taken possession of and liquidated,~~ and the sums of unclaimed and unpaid liquidating dividends and unclaimed funds with respect to each of ~~them~~ the credit unions respectively, including a statement of interest earned upon such funds.

SECTION 20. 186.35 (2) (b), (3) (intro.), (5) (a) to (e), (6) and (8) of the statutes are amended to read:

186.35 (2) (b) Cooperate with its member credit unions and the ~~credit union division of the office of the commissioner~~ for the purpose of improving the general welfare of credit unions in this state.

(3) POWERS. (intro.) ~~Should If~~ any of the powers in this ~~subsection conflict~~ section conflicts with any other provision of this chapter, ~~the powers granted in this section shall prevail~~ controls. The corporation may:

(5) (a) All credit unions and central credit unions operating and existing under this chapter except national corporate central credit unions shall become members of the corporation. Credit unions organized under federal charter, whose principal office is located in this state, may become members upon application and approval of the trustees.

(b) The corporation shall bill and collect from all ~~credit unions~~ the members a membership fee of \$5 or ~~one half per cent~~ 0.5% of the share capital of each member ~~credit union~~, whichever is greater. ~~This~~ When paid, the membership fee, ~~when paid by the individual member credit union,~~ shall be a charge to its the member's regular reserve or may be established as a prepaid asset, to be charged against its regular reserve over a period of 5 years.

(c) The membership fee ~~of each member credit union will~~ shall be refunded ~~to each member credit union~~ when the unencumbered funds of the corporation reach 2% of the aggregate total share capital of the ~~member credit unions~~ members, as determined by the annual report of the office of the commissioner. These refunds shall be paid to ~~the then existing member credit unions~~ current members of the corporation on the date the refund is authorized by the trustees of the corporation. The refund shall be credited to the ~~member credit union's~~ member's regular reserve.

(d) A regular annual assessment, not to exceed 0.1% of the ~~member credit union's~~ member's savings capital, shall be levied by the trustees against each member. In the event of potential impairment of the corporation's capital funds, special assessments may be levied by the trustees with the approval of the commissioner. The ~~member credit union's~~ member's savings capital as of December 31 shall be the basis for calculating the assessment due the ensuing year. The trustees shall determine the date the annual assessment is due and payable. ~~The~~ Each annual assessment, and any special assessment, when paid by the member ~~credit union~~, shall be a charge to its regular reserve. ~~The membership fee and the annual assessment shall also be levied on credit union savings in a central credit union on a similar basis as stated herein; however, the guaranty on such credit union savings extends in a central credit union shall extend to the full amount of such savings balances and is not limited by the maximum protection afforded a credit union member under sub. (2) (a). Nothing in this paragraph authorizes levying of assessments under this paragraph~~ against national corporate central credit unions.

(e) A ~~member credit union's~~ member's membership fee to the corporation shall be considered as part of its ~~individual~~ regular reserve for the purpose of determining its ~~7% limit under s. 186.11 (2) and 186.17 as well as its office building investment under s. 186.11 (2).~~

(6) TRUSTEES. The corporation's business shall be conducted by ~~the incorporators who shall serve until the organizational meeting of the corporation, at which time not less than 7 trustees shall be elected by the members of the corporation~~ in accordance with the bylaws.

(8) EXAMINATIONS OF CREDIT UNIONS. The office of the commissioner of ~~credit unions~~ shall promptly forward to the corporation copies of examination reports of all ~~member credit unions members~~. The cost of these copies shall be paid by the corporation. If the trustees of the corporation ascertain evidence of carelessness, unsound practices or mismanagement of any member ~~credit union, and these weaknesses are not~~ or if the trustees determine that the activities of any member may jeopardize any of the corporation's assets, the trustees or their designees may require the member to disclose its operational policies and procedures, and may recommend appropriate corrective measures to the member. If the trustees determine that the carelessness, unsound practices or mismanagement is not promptly corrected or that the threat to the corporation's assets has not been removed, the trustees may recommend make appropriate recommendations to the office of the commissioner of credit unions, including the recommendation that the credit union member be liquidated or consolidated.

SECTION 21. 186.35 (5) (g) of the statutes is repealed and recreated to read:

186.35 (5) (g) If this corporation is liquidated, the assets of the corporation remaining after payment of all of the corporation's outstanding liabilities shall be distributed among the credit unions which are members of the corporation on the date the liquidation is authorized. Liquidation payments to each eligible credit union shall be a fraction of the remaining assets, the numerator of which is the sum of the membership fee, all annual assessments and any special assessments paid by the credit union to the corporation, and the denominator of which is the sum of all membership fees, annual assessments and special assessments paid by all credit unions eligible for liquidation payments.

SECTION 22. 757.293 (2) of the statutes is amended to read:

757.293 (2) A member of the state bar shall maintain and preserve for at least 6 years complete records pertaining to client's funds or assets received by him or her which are required to be distributed or segregated by sub. (1). The records shall include his or her trust fund checkbooks and the stubs or copies thereof, statements of the account, vouchers and canceled checks or share drafts thereon or microfilm copies thereof and his or her account books showing dates, amounts and ownership of all deposits to and withdrawals by check or share draft or otherwise from the accounts, and all of the records shall be deemed to have public aspects as related to such member's fitness to practice law. Upon request of the board of attorneys professional responsibility, or upon direction of the supreme court, the records shall be submitted to the board for its inspection, audit, use and evidence under such conditions to protect the privilege of clients as the court may provide. The records, or an audit thereof, shall be produced at any disciplinary proceeding involving the attorney wherever material. Failure to produce the records shall constitute unprofessional conduct and grounds for disciplinary action.

SECTION 23. 880.04 (2) (a) of the statutes is amended to read:

880.04 (2) (a) Deposit in a savings account in a bank, the payment of whose accounts in cash immediately upon default of the bank are insured by the federal deposit insurance corporation; or invest in the stock of a savings and loan association, payment of whose stock by substitution of stock in another and similar savings and loan association is insured by the federal savings and loan insurance corporation, in case of default in payment; or deposit in a savings account in a credit union having its deposits guaranteed by

the Wisconsin credit union savings insurance corporation or by the national credit union administration. The fee for the clerk's services in depositing and disbursing the funds under this paragraph is prescribed in s. 814.61 (12) (a).

SECTION 24. 880.13 (2) (b) of the statutes is amended to read:

880.13 (2) (b) Whenever a guardian has or will have possession of funds with a total value of \$40,000 or less, the court may direct deposit of the funds in an insured account of a bank, credit union or savings and loan association in the name of the guardian and the ward and payable only upon further order of the court. In such event the court may waive the requirement of a bond.

SECTION 25. **Cross-reference changes.** In the sections of the statutes listed in Column A, the cross-references shown in Column B are changed to the cross-references shown in Column C:

A	B	C
Statute Sections	Old Cross-References	New Cross-References
186.35 (5)(e)	186.11 (2)	186.11 (2)(b)
