1985 Senate Bill 642

Date of enactment: **April 30, 1986**
Date of publication: **May 8, 1986**

1985 Wisconsin Act 325

AN ACT *to repeal* 215.13 (40) (a); *to renumber* 215.35; *to consolidate, renumber and amend* 215.13 (40) (intro.) and (b); *to amend* 138.056 (2) (c), 180.04 (6), 186.25, 186.26 (1) (a), 215.03 (2) (a), 215.03 (6) (a) 3, 215.13 (39), 220.06 (1) and 221.56 (1); and *to create* 186.115, 186.116, 186.117, 186.118, 186.41, 215.135, 215.136, 215.141, 215.145, 215.35 (2), 215.36, 221.295, 221.297, 221.58, 224.04, 224.075, 224.08 and 404.213 (4m) of the statutes, *relating to* the interstate acquisition and merger of banks, credit unions and savings and loan associations, the powers of banks, credit unions and savings and loan associations, the regulation of banks, credit unions and savings and loan associations, regulating control of certain deposit-taking institutions, granting rule-making authority and providing penalties.

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

SECTION 2t. 138.056 (2) (c) of the statutes is amended to read:

138.056 (2) (c) Provide for no more than a one percent increase in the interest rate not more than once each 6 months and permit decreases in the interest rate to be made at any time, if it does not provide for adjustments to the interest rate corresponding to an

approved index. If an increase is waived, the lender may at any time increase the interest rate to a rate equal to the interest rate if all increases were made at the first opportunity.

SECTION 3. 180.04 (6) of the statutes is amended to read:

180.04 (6) To purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of, other corporations wherever organized, and of the associations, trusts, partnerships, or individuals, or of the United States or of any government, state, territory, governmental district or municipality or of any instrumentality thereof, but no foreign or domestic corporation may subscribe for, take or hold more than 10% of the capital stock of any state bank or trust company unless 75% of the shares entitled to vote of such bank or trust company shall vote in favor thereof at a meeting called for that purpose.

SECTION 4. 186.115 of the statutes is created to read:

186.115 Additional credit union authority. (1) Subject to any regulatory approval required by law and subject to sub. (2), a credit union directly or through a subsidiary, may undertake any activity, exercise any power or offer any financially related product or service in this state that any other provider of financial products or services may undertake, exercise or provide or that the commissioner finds to be financially related.

(2) The activities, powers, products and services that may be undertaken, exercised or offered by credit unions under sub. (1) are limited to those specified by rule of the commissioner. The commissioner may direct any credit union to cease any activity, the exercise of any power or the offering of any product or service authorized by rule under this subsection. Among the factors that the commissioner may consider in so directing a credit union are the credit union's net worth, assets, management rating and liquidity ratio and its ratio of net worth to assets.

(3) This section does not authorize a credit union, directly or through a subsidiary, to engage in the business of underwriting insurance.

SECTION 4r. 186.116 of the statutes is created to read:

186.116 Financially related services tie-ins. In any transaction conducted by a credit union or a subsidiary of a credit union with a customer who is also a customer of any other subsidiary of the credit union, the customer shall be given a notice in 12-point boldface type in substantially the following form:

NOTICE OF RELATIONSHIP

This company, ... (insert name and address of credit union or subsidiary), is related to .... (insert name and address of credit union or subsidiary) of which you are also a customer. You may not be compelled to buy any product or service from either of the above companies or any other related company in order to participate in this transaction.

If you feel that you have been compelled to buy any product or service from either of the above companies or any other related company in order to participate in this transaction, you should contact the management of either of the above companies at either of the above addresses or the office of the commissioner at .... (insert address).

SECTION 4t. 186.117 of the statutes is created to read:

186.117 Availability of funds. (1) As used in this section, "business day" means a business day as defined in s. 421.301 (6) that is not a federal legal holiday.

(2) Subject to any right of a credit union to apply the credit to an obligation of a member or to withhold the credit for a reasonable period of time after that otherwise permitted by this section if the credit union, in good faith, believes that the item may be dishonored upon presentment and gives notice to the member of the withholding stating the facts on which the belief is founded, credit given by a credit union for an item in an account with its member that has been in existence for at least 90 days becomes available for withdrawal as of right as follows:

(a) If the item is a check or draft endorsed only by the person to whom it was issued and is drawn on the treasury of the United States, the state of Wisconsin or any unit of local government located in this state, after not more than one business day has intervened between the business day on which the check or draft is received at the proof and transit facility of the depository and the business day on which the funds are available for withdrawal.

(b) If the payor bank or other financial institution is located in this state, after not more than 4 business days have intervened between the business day on which the item is received at the proof and transit facility of the depository and the business day on which the funds are available for withdrawal.

(c) If the payor bank or other financial institution is located in any other state, after not more than 7 business days have intervened between the business day on which the item is received at the proof and transit facility of the depository and the business day on which the funds are available for withdrawal.

SECTION 5. 186.118 of the statutes is created to read:

186.118 Account disclosures. (1) Every credit union shall provide a disclosure statement, which may include a separate interest rate table or fee schedule or both, for each deposit account offered by the credit union, setting forth all of the following information:

(a) A description of the deposit account.

(b) The conditions, if any, on which the deposit account is offered.

(c) The terms of interest offered for the deposit account.

(d) All fees charged for the deposit account.

(2) Every credit union shall provide the appropriate disclosure statement under sub. (1) to each member upon all of the following occasions:

(a) At the time of the member's initial deposit into the deposit account.

(b) Upon any change in any of the information under sub. (1) (a) to (d) applicable to a member's deposit account, other than a change in the interest rate of a variable interest rate deposit account if the variability of the interest rate was disclosed at the time of initial deposit.

(3) Every credit union shall provide the appropriate disclosure statement under sub. (1) to any person requesting the disclosure statement for a deposit account.

(4) Disclosure statements provided under subs. (2) and (3) shall be accompanied by a brief description of all other deposit accounts offered by the credit union and a statement that more detailed information is available on request.

SECTION 7. 186.25 of the statutes is amended to read:

186.25 Supervision; reports. All credit unions formed under this or other similar law, or authorized to transact in this state a business similar to that authorized to be done by this chapter, shall be under the control and supervision of the commissioner. Every such corporation shall make a full and detailed report of its business as of December 31 for that year, and of its condition on such date, in such form and containing such information as the commissioner may prescribe, and shall file with the commissioner a true and verified copy thereof on or before February 1 thereafter. Accompanying the same shall be attached a copy of the statement of the credit union at the close of its last fiscal year. If any such credit union fails or refuses to furnish the report herein required, it shall be subject, at the discretion of the commissioner, to a forfeiture of $1 to $10 per day for each day of default, and the commissioner may maintain an action in the name of the state to recover such penalty, and the same shall be paid into the state treasury. The reports shall be published as a class 1 notice, under ch. 985, where the credit union is located, in the condensed form as the commissioner prescribes. Proof of publication shall be furnished to the commissioner within 45 days after the date of the report.

SECTION 8. 186.26 (1) (a) of the statutes is amended to read:

186.26 (1) (a) At least once each year, the commissioner shall make or cause to be made an examination ~~into the~~ of the cash, bills, collaterals, securities, assets, books of account, condition and affairs of each credit union and for that purpose the commissioner or the examiners appointed by the commissioner shall have full access to, and may compel the production of, each credit union's books, papers, securities and moneys, administer oaths to and examine each credit union's officers and agents as to their respective affairs. Special examination shall be made upon written request of 5 or more members, if those members guarantee the expense of the special examination. The refusal of any credit union to submit to an examination ordered or requested shall be reported to the department of justice for the purpose of instituting proceedings to have the charter of the credit union revoked because of the refusal.

SECTION 9. 186.41 of the statutes is created to read:

186.41 Interstate acquisition; merger and establishment of credit unions. (1) DEFINITIONS. In this section:

(a) "In-state credit union" means a credit union having its principal office located in this state.

(b) "Merger" includes consolidations under s. 186.31.

(c) "Regional credit union" means a state or federal credit union that has its principal office located in one of the regional states.

(d) "Regional states" means the states of Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri and Ohio.

(2) IN-STATE CREDIT UNION. (a) An in-state credit union may do any of the following:

1. Acquire an interest in, or some or all of the assets and liabilities of, one or more regional credit unions.

2. Merge with one or more regional credit unions.

(b) An in-state credit union proposing any action under par. (a) shall provide the commissioner a copy of any original application seeking approval by a federal agency or by an agency of the regional state and of any supplemental material or amendments filed in connection with any application.

(3) REGIONAL CREDIT UNIONS. Except as provided in sub. (4), a regional credit union may do any of the following:

(a) Acquire an interest in, or some or all of the assets of, one or more in-state credit unions.

(b) Merge with one or more in-state credit unions.

(4) LIMITATIONS. A regional credit union may not take any action under sub. (3) until all of the following conditions have been met:

(a) The commissioner finds that the statutes of the regional state in which the regional credit union has its principal office permit in-state credit unions to both acquire regional credit union assets and merge with one or more regional credit unions in the regional state.

(b) The commissioner has not disapproved the acquisition of in-state credit union assets or the merger with the in-state credit union under sub. (5).

(c) The commissioner gives a class 3 notice, under ch. 985, in the official state newspaper, of the application to take an action under sub. (3) and of the opportunity for a hearing and, if at least 25 residents of this

state petition for a hearing within 30 days of the final notice or if the commissioner on his or her motion calls for a hearing within 30 days of the final notice, the commissioner holds a public hearing on the application, except that a hearing is not required if the commissioner finds that an emergency exists and that the proposed action under sub. (3) is necessary and appropriate to prevent the probable failure of an in-state credit union that is closed or in danger of closing.

(d) The commissioner is provided a copy of any original application seeking approval by a federal agency of the acquisition of in-state credit union assets or of the merger with an in-state credit union and of any supplemental material or amendments filed with the application.

(e) The applicant has paid the commissioner a fee of $1,000 together with the actual costs incurred by the commissioner in holding any hearing on the application.

(f) With regard to an acquisition of assets of an in-state credit union that is chartered on or after the effective date of this paragraph .... [revisor inserts date], the in-state credit union has been in existence for at least 5 years before the date of acquisition.

(5) STANDARDS FOR DISAPPROVAL. The commissioner may disapprove of any action under sub. (3) if the commissioner finds any of the following:

(a) Considering the financial and managerial resources and future prospects of the applicant and of the in-state credit union concerned, the action would be contrary to the best interests of the members of the in-state credit union.

(b) The action would be detrimental to the safety and soundness of the applicant or of the in-state credit union concerned, or to a subsidiary or affiliate of the applicant or of the in-state credit union.

(c) Because the applicant, its executive officers or directors have not established a record of sound performance, efficient management, financial responsibility and integrity, the action would be contrary to the best interests of the creditors, members or other customers of the applicant or of the in-state credit union or contrary to the best interests of the public.

(cg) The applicant has failed to provide adequate and appropriate services of the type contemplated by the community reinvestment act of 1977 to the communities in which the applicant is located.

(cr) The applicant has failed to propose to provide adequate and appropriate services of the type contemplated by the community reinvestment act of 1977 in the community in which the in-state credit union which the applicant proposes to acquire or merge with is located.

(ct) The applicant has failed to enter into an agreement prepared by the commissioner to comply with laws and rules of this state regulating consumer credit finance charges and other charges and related disclosure requirements, except to the extent preempted by federal law or regulation.

(d) Any of the conditions under sub. (4) (a), (c), (d), (e) or (f) has not been met.

(e) The applicant fails to meet any other standards established by rule of the commissioner.

(5m) BRANCHING NOT LIMITED. This section does not limit branching authority under s. 186.113 (1m).

(6) APPLICABILITY. (a) Subsections (1) to (5) do not apply prior to January 1, 1987, except that the commissioner may promulgate rules under sub. (5) (e) to be applicable no earlier than the date that subs. (1) to (5) apply.

(b) Subsections (1) to (5) apply as of the date, not earlier than January 1, 1987, that 3 regional states, at least 2 of which shall be from among the states of Illinois, Indiana, Iowa, Michigan and Minnesota, permit in-state credit unions to both acquire regional credit union assets and merge with one or more regional credit unions in those regional states.

(7) WHEN INVALIDATED. If any part of subs. (1) to (5) is held to be unconstitutional, then all of subs. (1) to (5) shall be invalid.

(8) DIVESTITURE. Any credit union that has acquired assets of or merged with an in-state credit union under sub. (2) or (3) and that ceases to be an in-state credit union or regional credit union shall immediately notify the commissioner of the change in its status and shall, as soon as practical and, in any case, within 2 years after the event causing it to no longer be one of these entities, divest itself of control of any interest in the assets or operations of any in-state credit union. A credit union that fails to immediately notify the commissioner is liable for a forfeiture of $500 for each day beginning with the day its status changes and ending with the day notification is received by the commissioner.

SECTION 10. 215.03 (2) (a) of the statutes is amended to read:

215.03 (2) (a) At least once within every 18-month period, the commissioner shall examine the cash, bills, collaterals, securities, assets, books of account, condition and affairs of all such associations and for that purpose ~~he~~ the commissioner or the examiners appointed by ~~him~~ the commissioner shall have access to, and may compel the production of, all their books, papers, securities and moneys, administer oaths to and examine their officers and agents as to their affairs. Neither the commissioner nor any employe of the office shall examine an association in which ~~he~~ the commissioner is interested as an officer or director.

SECTION 11. 215.03 (6) (a) 3 of the statutes is amended to read:

215.03 (6) (a) 3. Attached to the annual report shall be a copy of a printed statement of condition and operations as of the end of the association's most recent fiscal year, which shall be available to the ~~savers of the association and, in the case of a stock association, its stockholders~~ public. The reports shall be published as a class 1 notice, under ch. 985, where the

association is located, in the condensed form as the commissioner prescribes. Proof of publication shall be furnished to the commissioner within 45 days after the date of the report. The printed statement shall contain such information as the commissioner may by rule prescribe.

SECTION 11m. 215.13 (39) of the statutes is amended to read:

215.13 (39) BRANCHES. Subject to the approval of the commissioner, any savings and loan association may establish and maintain one or more branch offices within the normal lending area of the home office, as defined in s. 215.21 (2), in this state or in any one of the regional states, as defined in s. 215.36 (1) (f). In his approval, the commissioner may limit the powers of the branch. Savings and loan associations may promote thrift in their local schools by accepting payments in the school upon savings accounts of the teachers and pupils.

SECTION 12. 215.13 (40) (intro.) and (b) of the statutes are consolidated, renumbered 215.13 (40) and amended to read:

215.13 (40) LOCATION OF BRANCHES. Whenever an association is absorbed or a branch office is acquired under s. 215.36, 215.53 or 215.73, maintain and operate a branch office at the location of the absorbed association or of the acquired branch office, if: ~~(b) The~~ the commissioner finds that the continued operation of a branch office at the location of the absorbed association ~~outside the home office normal lending area, as defined in s. 215.21 (2),~~ or of the acquired branch office would be in the public interest. This ~~paragraph~~ subsection does not permit continued operation of an office of an absorbed association which received its certificate of incorporation less than 5 years prior to its absorption.

SECTION 13. 215.13 (40) (a) of the statutes is repealed.

SECTION 14. 215.135 of the statutes is created to read:

215.135 Additional authority. (1) Subject to any regulatory approval required by law and subject to sub. (2), a savings and loan association, directly or through a subsidiary, may undertake any activity, exercise any power or offer any financially related product or service in this state that any other provider of financial products or services may undertake, exercise or provide or that the commissioner finds to be financially related.

(2) The activities, powers, products and services that may be undertaken, exercised or offered by savings and loan associations under sub. (1) are limited to those specified by rule of the commissioner. The commissioner may direct any savings and loan association to cease any activity, the exercise of any power or the offering of any product or service authorized by rule under this subsection. Among the factors that the commissioner may consider in so directing a savings and loan association are the savings and loan association's net worth, assets, management rating and liquidity ratio and its ratio of net worth to assets.

(3) This section does not authorize a savings and loan association, directly or through a subsidiary, to engage in the business of underwriting insurance.

SECTION 14m. 215.136 of the statutes is created to read:

215.136 Availability of funds. (1) As used in this section, "business day" means a business day as defined in s. 421.301 (6) that is not a federal legal holiday.

(2) Subject to any right of an association to apply the credit to an obligation of a member or to withhold the credit for a reasonable period of time after that otherwise permitted by this section if the association, in good faith, believes that the item may be dishonored upon presentment and gives notice to the member of the withholding stating the facts on which the belief is founded, credit given by an association for an item in an account with its member that has been in existence for at least 90 days becomes available for withdrawal as of right as follows:

(a) If the item is a check or draft endorsed only by the person to whom it was issued and is drawn on the treasury of the United States, the state of Wisconsin or any unit of local government located in this state, after not more than one business day has intervened between the business day on which the check or draft is received at the proof and transit facility of the depository and the business day on which the funds are available for withdrawal.

(b) If the payor bank or other financial institution is located in this state, after not more than 4 business days have intervened between the business day on which the item is received at the proof and transit facility of the depository and the business day on which the funds are available for withdrawal.

(c) If the payor bank or other financial institution is located in any other state, after not more than 7 business days have intervened between the business day on which the item is received at the proof and transit facility of the depository and the business day on which the funds are available for withdrawal.

SECTION 15m. 215.141 of the statutes is created to read:

215.141 Financially related services tie-ins. In any transaction conducted by an association, a savings and loan holding company or a subsidiary of either with a customer who is also a customer of any other subsidiary of any of them, the customer shall be given a notice in 12-point boldface type in substantially the following form:

NOTICE OF RELATIONSHIP

This company, ... (insert name and address of association, savings and loan holding company or subsidiary), is related to .... (insert name and address of association, savings and loan holding company or subsidiary) of which you are also a customer. You may not be compelled to buy any product or service

from either of the above companies or any other related company in order to participate in this transaction.

If you feel that you have been compelled to buy any product or service from either of the above companies or any other related company in order to participate in this transaction, you should contact the management of either of the above companies at either of the above addresses or the office of the commissioner at .... (insert address).

SECTION 16. 215.145 of the statutes is created to read:

215.145 Account disclosures. (1) Every association shall provide a disclosure statement, which may include a separate interest rate table or fee schedule or both, for each savings account offered by the association, setting forth all of the following information:

(a) A description of the savings account.

(b) The conditions, if any, on which the savings account is offered.

(c) The terms of interest offered for the savings account.

(d) All fees charged for the savings account.

(2) Every association shall provide the appropriate disclosure statement under sub. (1) to each member upon all of the following occasions:

(a) At the time of the member's initial deposit into the savings account.

(b) Upon any change in any of the information under sub. (1) (a) to (d) applicable to a member's savings account, other than a change in the interest rate of a variable interest rate savings account if the variability of the interest rate was disclosed at the time of initial deposit.

(3) Every association shall provide the appropriate disclosure statement under sub. (1) to any person requesting the disclosure statement for a savings account.

(4) Disclosure statements provided under subs. (2) and (3) shall be accompanied by a brief description of all other savings accounts offered by the association and a statement that more detailed information is available on request.

SECTION 17. 215.35 of the statutes is renumbered 215.35 (1).

SECTION 18. 215.35 (2) of the statutes is created to read:

215.35 (2) (a) An acquisition under this section is not subject to s. 215.36.

(b) Section 215.36 does not limit any authority of the federal home loan bank board or federal savings and loan insurance corporation in connection with an acquisition under this section.

SECTION 19. 215.36 of the statutes is created to read:

215.36 Interstate acquisition; merger and establishment of associations. (1) DEFINITIONS. In this section:

(a) "In-state savings and loan" means an association or federal savings and loan association, both having their home offices in this state.

(b) "In-state savings and loan holding company" means a savings and loan holding company that has its principal place of business in this state and is not owned or controlled by a company having its principal place of business outside of this state.

(c) "Merger" includes absorptions under ss. 215.53 and 215.73.

(d) "Regional savings and loan" means a foreign association, if its accounts are insured by the federal savings and loan insurance corporation, or a federal savings and loan association, both having their home offices located in one of the regional states and that, if owned or controlled by a company, is owned or controlled by a regional state savings and loan holding company or by an in-state savings and loan holding company.

(e) "Regional savings and loan holding company" means a savings and loan holding company that has its principal place of business in a regional state and is not owned or controlled by a company having its principal place of business outside of the regional states.

(f) "Regional states" means the states of Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri and Ohio.

(g) "Savings and loan holding company" includes any person, corporation, partnership, trust, joint stock company, association, state or federal savings and loan association or state or national bank, which owns, holds or in any manner controls, directly or indirectly, 10% of the stock in a savings and loan association.

(2) IN-STATE SAVINGS AND LOANS. (a) An in-state savings and loan may do any of the following:

1. Acquire direct or indirect ownership or control of voting shares of one or more regional savings and loans or acquire an interest in, or some or all of the assets and liabilities of, one or more regional savings and loans.

2. Merge with one or more regional savings and loans.

(b) An in-state savings and loan proposing any action under par. (a) shall provide the commissioner a copy of any original application seeking approval by a federal agency or by an agency of the regional state and of any supplemental material or amendments filed in connection with any application.

(3) IN-STATE SAVINGS AND LOAN HOLDING COMPANIES. (a) An in-state savings and loan holding company may do any of the following:

1. Acquire direct or indirect ownership or control of voting shares of one or more regional savings and loans or regional savings and loan holding companies or acquire an interest in, or some or all of the assets of, one or more regional savings and loans or regional savings and loan holding companies.

2. Merge with one or more regional savings and loan holding companies.

(b) An in-state savings and loan holding company proposing any action under par. (a) shall provide the commissioner a copy of any original application seeking approval by a federal agency or by an agency of the regional state and of any supplemental material or amendments filed in connection with any application.

(4) REGIONAL SAVINGS AND LOANS AND REGIONAL SAVINGS AND LOAN HOLDING COMPANIES. Except as provided in sub. (5), a regional savings and loan or regional savings and loan holding company may do any of the following:

(a) Acquire direct or indirect ownership or control of voting shares of one or more in-state savings and loans or in-state savings and loan holding companies or acquire an interest in, or some or all of the assets and liabilities of, one or more in-state savings and loans or in-state savings and loan holding companies.

(b) Merge with one or more in-state savings and loan holding companies.

(5) LIMITATIONS. A regional savings and loan or regional savings and loan holding company may not take any action under sub. (4) until all of the following conditions have been met:

(a) The commissioner finds that the statutes of the regional state in which the regional savings and loan or regional savings and loan holding company has its principal place of business permit all of the following:

1. In-state savings and loans to acquire one or more regional savings and loans in the regional state.

2. In-state savings and loan holding companies both to acquire one or more regional savings and loans and to acquire and merge with one or more regional savings and loan holding companies in the regional state.

(b) The commissioner has not disapproved the acquisition of the in-state savings and loan or the acquisition or merger with the in-state savings and loan holding company under sub. (7).

(c) The commissioner gives a class 3 notice, under ch. 985, in the official state newspaper, of the application to take an action under sub. (4) and of the opportunity for a hearing and, if at least 25 residents of this state petition for a hearing within 30 days of the final notice or if the commissioner on his or her motion calls for a hearing within 30 days of the final notice, the commissioner holds a public hearing on the application, except that a hearing is not required if the commissioner finds that an emergency exists and that the proposed action under sub. (4) is necessary and appropriate to prevent the probable failure of an in-state savings and loan that is closed or in danger of closing.

(d) The commissioner is provided a copy of any original application seeking approval by a federal agency of the acquisition of an in-state savings and loan or acquisition of or merger with an in-state savings and loan holding company and of any supplemental material or amendments filed with the application.

(e) The applicant has paid the commissioner a fee of $1,000 together with the actual costs incurred by the commissioner in holding any hearing on the application.

(f) With regard to an acquisition of an in-state savings and loan that is chartered on or after the effective date of this paragraph .... [revisor inserts date], the in-state savings and loan has been in existence for at least 5 years before the date of its acquisition.

(6) CONDITION ON ACQUISITION. If a regional state savings and loan holding company acquires an in-state savings and loan holding company that owns one or more in-state savings and loans that have been chartered on or after the effective date of this subsection .... [revisor inserts date], and that have been in existence for less than 5 years, the regional state savings and loan holding company shall divest itself of those in-state savings and loans within 2 years after the date of acquisition of the in-state savings and loan holding company by the regional state savings and loan holding company.

(7) STANDARDS FOR DISAPPROVAL. The commissioner may disapprove of any action under sub. (4) if the commissioner finds any of the following:

(a) Considering the financial and managerial resources and future prospects of the applicant and of the in-state savings and loan or in-state savings and loan holding company concerned, the action would be contrary to the best interests of the shareholders or customers of the in-state savings and loan or in-state savings and loan holding company.

(b) The action would be detrimental to the safety and soundness of the applicant or of the in-state savings and loan or in-state savings and loan holding company concerned, or to a subsidiary or affiliate of the applicant or of the in-state savings and loan or in-state savings and loan holding company.

(c) Because the applicant, its executive officers, directors or principal shareholders have not established a record of sound performance, efficient management, financial responsibility and integrity, the action would be contrary to the best interests of the depositors, other customers, creditors or shareholders of the applicant or of the in-state savings and loan or in-state savings and loan holding company or contrary to the best interests of the public.

(cg) The applicant has failed to provide adequate and appropriate services required by the community reinvestment act of 1977 to the communities in which the applicant is located.

(cr) The applicant has failed to propose to provide adequate and appropriate services required by the community reinvestment act of 1977 in the community in which the in-state savings and loans which the applicant proposes to acquire or in-state savings and loan holding company which the applicant proposes to acquire or merge with is located.

(ct) The applicant has failed to enter into an agreement prepared by the commissioner to comply with laws and rules of this state regulating consumer credit finance charges and other charges and related disclosure requirements, except to the extent preempted by federal law or regulation.

(d) Any of the conditions under sub. (5) (a), (c), (d), (e) or (f) has not been met.

(e) The applicant fails to meet any other standards established by rule of the commissioner.

(8) EXCEPTION. This section does not prevent a regional savings and loan or regional savings and loan holding company from acquiring voting shares of one or more in-state savings and loans or savings and loan holding companies, subject to the limitations of 12 USC 1730a except that the standard for control in 12 USC 1730a (a) (2) shall be 10% rather than 25%.

(8m) BRANCHING NOT LIMITED. This section does not limit branching authority under s. 215.13 (39).

(9) APPLICABILITY. (a) Subsections (1) to (7) do not apply prior to January 1, 1987, except that the commissioner may promulgate rules under sub. (7) (e) to be applicable no earlier than the date that subs. (1) to (7) apply.

(b) Subsections (1) to (7) apply as of the date, not earlier than January 1, 1987, that 3 regional states, at least 2 of which shall be from among the states of Illinois, Indiana, Iowa, Michigan and Minnesota, permit in-state savings and loan holding companies both to acquire one or more regional savings and loans and to acquire and merge with one or more regional savings and loan holding companies in those regional states.

(10) WHEN INVALIDATED. (a) Except as provided in par. (b), if any part of subs. (1) to (7) is held to be unconstitutional, then all of subs. (1) to (7) shall be invalid.

(b) If any part of subs. (1) to (7) is held to be unconstitutional with respect to a savings and loan holding company, as defined under 12 USC 1730 (a), subs. (1) to (7) shall remain in effect with respect to in-state savings and loans and regional savings and loans.

(11) DIVESTITURE. Any savings and loan holding company that ceases to be an in-state savings and loan holding company or regional savings and loan holding company shall immediately notify the commissioner of the change in its status and shall, as soon as practical and, in any case, within 2 years after the event causing it to no longer be one of these entities, divest itself of control of all in-state savings and loans and in-state savings and loan holding companies. A savings and loan holding company that fails to immediately notify the commissioner is liable for a forfeiture of $500 for each day beginning with the day its status changes and ending with the day notification is received by the commissioner.

SECTION 19m. 220.06 (1) of the statutes, as affected by 1985 Wisconsin Act .... (1985 Senate Bill 267), is amended to read:

220.06 (1) No commissioner of banking, deputy, assistant deputy or examiner may examine a bank in which such person is interested as a stockholder, officer, employe or otherwise. No commissioner, deputy, assistant deputy or examiner may examine a bank located in the same village, city or county with any bank in which such person is so interested. The commissioner of banking, deputy, assistant deputies and every employe in the office of the commissioner, and each member and employe of the banking review board, shall ~~be bound by oath to~~ keep secret all facts and information obtained in the course of examinations or from reports not under s. 221.15 filed by a bank with the office of the commissioner of banking, except so far as the public duty of the officer requires reporting upon or taking special action regarding the affairs of any bank, and except when called as a witness in any criminal proceeding or trial in a court of justice. ~~Any such person referred to in this subsection may under rules and regulations prescribed by the commissioner exchange information as to names of borrowers, lines of credit and other matters affecting a bank with a national bank examiner, a clearing house examiner or an examiner for an insurer authorized to do business in this state to insure or guarantee depositors or deposits in banks or trust companies and having such insurance in force.~~ The commissioner may furnish to the federal deposit insurance corporation or to any ~~official or examiner thereof~~ regulatory authority for state or federal financial institutions, insurance or securities a copy of any examination made of any such bank or of any report made by such bank and may give access to and disclose to the corporation or to any ~~official or examiner thereof~~ regulatory authority for state or federal financial institutions, insurance or securities any information possessed by the commissioner with reference to the conditions or affairs of any such insured bank if the regulatory authority agrees to treat all information received with the same degree of confidentiality as applies to reports of examination that are in the custody of the commissioner.

SECTION 20. 221.295 of the statutes is created to read:

221.295 Other loans and investments. (1) Except as provided in sub. (3), a bank may lend under this subsection, through the bank or a subsidiary of the bank, to all borrowers from the bank and all of its subsidiaries, an aggregate amount not to exceed the percentage of its capital and surplus established by the commissioner under sub. (3). Neither a bank nor any subsidiary of the bank may lend to any borrower, under this subsection and any other law or rule, an amount that would result in an aggregate amount for all loans to that borrower that exceeds the percentage of the bank's capital and surplus established under sub. (3). A bank or its subsidiary may take an equity position or other form of interest as security in a project funded through such loans. Every transaction by a bank or its subsidiary under this subsection shall require prior

approval by the board of directors of the bank or its subsidiary, respectively. Such loans are not subject to s. 221.36 or to classification as losses for a period of 2 years from the date of each loan except as provided in sub. (3).

(2) Except as provided in sub. (3), a bank may invest under this subsection amounts not to exceed, in the aggregate, that percentage of its capital and surplus established by the commissioner of banking under sub. (3) in equity positions, such as profit-participation projects. A bank may take an investment position in a project with respect to which it is also a lender. The bank shall limit its liability as an investor in a specific project under this subsection to an amount not exceeding the amount of its investment in that project. For purposes of calculating the bank's aggregate investment under this subsection, the amount of each investment shall be established as of the date that the investment is made. Every transaction by a bank under this subsection shall require prior approval by the board of directors of the bank and shall be disclosed to the shareholders of the bank prior to each annual meeting of the shareholders.

(3) The commissioner of banking shall establish for each bank the applicable percentage, not to exceed 20%, under sub. (1) and the applicable percentage, not to exceed 10%, under sub. (2). The commissioner may withdraw or suspend a percentage established under this subsection and, in such case, may specify how outstanding loans or investments shall be treated by the bank or subsidiary. Among the factors that the commissioner may consider in establishing, withdrawing or suspending a percentage under this subsection are the bank's capital, assets, management and liquidity ratio and its capital ratio.

(4) At the time of making a loan or investment, the bank or subsidiary shall note in its records whether it is made under sub. (1) or (2). The forms of security for loans under sub. (1) and the forms of investment under sub. (2) shall be as approved by the commissioner of banking by rule.

(5) This section does not authorize a bank, directly or through a subsidiary, to engage in the business of underwriting insurance.

SECTION 21. 221.297 of the statutes is created to read:

221.297 Additional banking authority. (1) Subject to any regulatory approval required by law and subject to sub. (2), a bank, directly or through a subsidiary, may undertake any activity, exercise any power or offer any financially related product or service in this state that any other provider of financial products or services may undertake, exercise or provide or that the commissioner finds to be financially related.

(2) The activities, powers, products and services that may be undertaken, exercised or offered by banks under sub. (1) are limited to those specified by rule of the commissioner of banking and, with respect to loans under s. 221.295 (1) and investments under s. 221.295 (2), are subject to the limitations set forth in s. 221.295. The commissioner may direct any bank to cease any activity, the exercise of any power or the offering of any product or service authorized by rule under this subsection. Among the factors that the commissioner may consider in so directing a bank are the bank's capital, assets, management and liquidity ratio and its capital ratio.

(3) This section does not authorize a bank, directly or through a subsidiary, to engage in the business of underwriting insurance.

SECTION 22. 221.56 (1) of the statutes is amended to read:

221.56 (1) Any domestic corporation, investment trust, or other form of trust or any regional state bank holding company which shall own, hold or in any manner control a majority of the stock in a state bank or trust company shall be deemed to be engaged in the business of banking and shall be subject to the supervision of the office of the commissioner of banking. It shall file reports of its financial condition when called for by the commissioner of banking, and the commissioner may order an examination of its condition and solvency whenever in his opinion such examination is required, and the cost of such examination shall be paid by such corporation or association. Whenever in the opinion of the commissioner the condition of such corporation or association shall be such as to endanger the safety of the deposits in any bank or trust company which is owned or in any manner controlled by such corporation, or the operation of such corporation, association or trust shall be carried on in such manner as to endanger the safety of such bank or trust company or its depositors, the commissioner may order such corporation or trust to remedy such condition or policy within 90 days and if such order be not complied with, the commissioner shall have power to fully direct the operation of such banks or trust companies until such order be complied with, and may withhold all dividends from such corporation or trust during the period in which the commissioner may exercise such authority.

SECTION 23. 221.58 of the statutes is created to read:

221.58 Interstate acquisition; merger and establishment of banks. (1) DEFINITIONS. In this section:

(a) "Bank" has the meaning given under 12 USC 1841 (c).

(b) "Bank holding company" has the meaning given under 12 USC 1841 (a).

(c) "In-state bank" means a state or national bank that has its principal bank office located in this state.

(d) "In-state bank holding company" means a bank holding company that has its principal place of business in this state and is not owned or controlled by a company having its principal place of business outside of this state.

(e) "Merger" includes consolidations under s. 221.25.

(f) "Regional state bank" means a state or national bank having its principal bank office located in one of the regional states and that, if owned or controlled by a company, is owned or controlled by a regional state bank holding company or by an in-state bank holding company.

(g) "Regional state bank holding company" means a bank holding company that has its principal place of business in a regional state and is not owned or controlled by a company having its principal place of business outside of the regional states.

(h) "Regional states" means the states of Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri and Ohio.

(2) IN-STATE BANK OR BANK HOLDING COMPANIES. (a) An in-state bank or in-state bank holding company may do any of the following:

1. Acquire direct or indirect ownership or control of voting shares of, an interest in or substantially all of the assets of one or more regional state banks or regional state bank holding companies.

2. Merge with one or more regional state banks or regional state bank holding companies.

(b) An in-state bank or in-state bank holding company proposing any action under par. (a) shall provide the commissioner of banking a copy of any original application seeking approval by a federal agency or by an agency of the regional state and of any supplemental material or amendments filed in connection with any application.

(3) REGIONAL STATE BANK HOLDING COMPANIES. Except as provided in sub. (4), a regional state bank holding company may do any of the following:

(a) Acquire direct or indirect ownership or control of voting shares of, an interest in or substantially all of the assets of one or more in-state banks or in-state bank holding companies.

(b) Merge with one or more in-state bank holding companies.

(4) LIMITATIONS. A regional state bank holding company may not take any action under sub. (3) until all of the following conditions have been met:

(a) The commissioner of banking finds that the statutes of the regional state in which the regional state bank holding company has its principal place of business permit in-state bank holding companies both to acquire one or more regional state banks and to acquire and merge with one or more regional state bank holding companies in the regional state.

(b) The commissioner of banking has not disapproved the acquisition of or merger with the in-state bank or in-state bank holding company.

(c) The commissioner of banking gives a class 3 notice, under ch. 985, in the official state newspaper, of the application to take an action under sub. (3) and of the opportunity for a hearing and, if at least 25 residents of this state petition for a hearing within 30 days of the final notice or if the commissioner on his or her motion calls for a hearing within 30 days of the final notice, the commissioner holds a public hearing on the application, except that a hearing is not required if the commissioner finds that an emergency exists and that the proposed action under sub. (3) is necessary and appropriate to prevent the probable failure of an in-state bank that is closed or in danger of closing.

(d) The commissioner of banking is provided a copy of any original application seeking approval by a federal agency of the acquisition of an in-state bank or acquisition of or merger with an in-state bank holding company and of any supplemental material or amendments filed with the application.

(e) The applicant has paid the commissioner of banking a fee of $1,000 together with the actual costs incurred by the commissioner in holding any hearing on the application.

(f) With regard to an acquisition of an in-state bank that is chartered on or after the effective date of this paragraph .... [revisor inserts date], the in-state bank has been in existence for at least 5 years before the date of its acquisition.

(5) CONDITION ON ACQUISITION. If a regional state bank holding company acquires an in-state bank holding company that owns one or more in-state banks that have been chartered on or after the effective date of this subsection .... [revisor inserts date], and that have been in existence for less than 5 years, the regional state bank holding company shall divest itself of those in-state banks within 2 years after the date of acquisition of the in-state bank holding company by the regional state bank holding company.

(6) STANDARDS FOR DISAPPROVAL. The commissioner may disapprove any action under sub. (3) if the commissioner finds any of the following:

(a) Considering the financial and managerial resources and future prospects of the applicant and of the in-state bank or in-state bank holding company concerned, the action would be contrary to the best interests of the shareholders or customers of the in-state bank or in-state bank holding company.

(b) The action would be detrimental to the safety and soundness of the applicant or of the in-state bank or in-state bank holding company concerned, or to a subsidiary or affiliate of the applicant or of the in-state bank or in-state bank holding company.

(c) Because the applicant, its executive officers, directors or principal shareholders have not established a record of sound performance, efficient management, financial responsibility and integrity, the action would be contrary to the best interests of the depositors, other customers, creditors or shareholders of the applicant or of the in-state bank or in-state bank holding company or contrary to the best interests of the public.

(d) The applicant has failed to provide adequate and appropriate services required by the community

reinvestment act of 1977 to the communities in which the applicant is located.

(e) The applicant has failed to propose to provide adequate and appropriate services required by the community reinvestment act of 1977 in the community in which the in-state bank which the applicant proposes to acquire or in-state bank holding company which the applicant proposes to acquire or merge with is located.

(em) The applicant has failed to enter into an agreement prepared by the commissioner to comply with laws and rules of this state regulating consumer credit finance charges and other charges and related disclosure requirements, except to the extent preempted by federal law or regulation.

(f) Any of the conditions under sub. (4) (a), (c), (d), (e) or (f) has not been met.

(g) The applicant fails to meet any other standards established by rule of the commissioner.

(7) EXCEPTION. This section does not prevent a regional state bank or regional state bank holding company from acquiring up to 5% of the voting shares or any amount of nonvoting shares of one or more in-state banks as permitted under 12 USC 1842.

(8) APPLICABILITY. (a) Subsections (1) to (6) do not apply prior to January 1, 1987, except that the commissioner may promulgate rules under sub. (6) (g) to be applicable no earlier than the date that subs. (1) to (6) apply.

(b) Subsections (1) to (6) apply as of the date, not earlier than January 1, 1987, that 3 regional states, at least 2 of which shall be from among the states of Illinois, Indiana, Iowa, Michigan and Minnesota, permit in-state bank holding companies both to acquire one or more regional state banks and to acquire and merge with one or more regional state bank holding companies in those regional states.

(9) WHEN INVALIDATED. (a) Except as provided in par. (b), if any part of subs. (1) to (6) is held to be unconstitutional, then all of subs. (1) to (6) shall be invalid.

(b) If any part of subs. (1) to (6) is held to be unconstitutional with respect to a foreign bank, as defined under 12 USC 3101 (7), subs. (1) to (6) shall remain in effect with respect to nonforeign banks and nonforeign bank holding companies.

(10) DIVESTITURE. Any bank holding company that ceases to be either an in-state bank holding company or a regional state bank holding company shall immediately notify the commissioner of banking of the change in its status and shall, as soon as practical and within not more than 2 years after the event causing it to no longer be either an in-state bank holding company or a regional state bank holding company, divest itself of control of all in-state banks and in-state bank holding companies. A bank or bank holding company that fails to immediately notify the commissioner is liable for a forfeiture of $500 for each day beginning with the day its status changes and ending with the day notification is received by the commissioner.

SECTION 24. 224.04 of the statutes is created to read:

224.04 Control of limited service banking institutions. (1) DEFINITIONS. In this section:

(a) "Bank" means any company that accepts deposits in this state that are insured under the provisions of the federal deposit insurance act, 12 USC 1811 to 1832.

(b) "Bank holding company" has the meaning given under 12 USC 1841 (a).

(c) "Company" has the meaning given under 12 USC 1841 (b).

(d) "Control" has the meaning given under 12 USC 1841 (a) (2) and (3).

(2) PROHIBITED ACTS. (a) A bank holding company may not control a bank unless the bank both accepts deposits that the depositor has a legal right to withdraw on demand and engages in the business of making commercial loans.

(b) A company that is not a bank holding company may not control a bank.

SECTION 24m. 224.075 of the statutes is created to read:

224.075 Financially related services tie-ins. In any transaction conducted by a bank, bank holding company or a subsidiary of either with a customer who is also a customer of any other subsidiary of any of them, the customer shall be given a notice in 12-point boldface type in substantially the following form:

NOTICE OF RELATIONSHIP

This company, ... (insert name and address of bank, bank holding company or subsidiary), is related to .... (insert name and address of bank, bank holding company or subsidiary) of which you are also a customer. You may not be compelled to buy any product or service from either of the above companies or any other related company in order to participate in this transaction.

If you feel that you have been compelled to buy any product or service from either of the above companies or any other related company in order to participate in this transaction, you should contact the management of either of the above companies at either of the above addresses or the office of the commissioner of banking at .... (insert address).

SECTION 25. 224.08 of the statutes is created to read:

224.08 Account disclosures. (1) Every bank shall provide a disclosure statement, which may include a separate interest rate table or fee schedule or both, for each account offered by the bank, setting forth all of the following information:

(a) A description of the account.

(b) The conditions, if any, on which the account is offered.

(c) The terms of interest offered for the account.

(d) All fees charged for the account.

(2) Every bank shall provide the appropriate disclosure statement under sub. (1) to each depositor upon all of the following occasions:

(a) At the time of the depositor's initial deposit into the account.

(b) Upon any change in any of the information under sub. (1) (a) to (d) applicable to a depositor's account, other than a change in the interest rate of a variable interest rate account if the variability of the interest rate was disclosed at the time of initial deposit.

(3) Every bank shall provide the appropriate disclosure statement under sub. (1) to any person requesting the disclosure statement for an account.

(4) Disclosure statements provided under subs. (2) and (3) shall be accompanied by a brief description of all other accounts offered by the bank and a statement that more detailed information is available on request.

SECTION 26m. 404.213 (4m) of the statutes is created to read:

404.213 (4m) (a) As used in this subsection, "banking day" means a business day as defined in s. 421.301 (6) that is not a federal legal holiday.

(b) Subject to any right of the bank to apply the credit to an obligation of the customer or to withhold the credit for a reasonable period of time after that otherwise permitted by this subsection if the bank, in good faith, believes that the item may be dishonored upon presentment and gives notice to the customer of the withholding stating the facts on which the belief is founded, credit given by a bank for an item in an account with its customer that has been in existence for at least 90 days becomes available for withdrawal as of right as follows:

1. If the item is a check or draft endorsed only by the person to whom it was issued and is drawn on the treasury of the United States, the state of Wisconsin or any unit of local government located in this state, after not more than one banking day has intervened between the banking day on which the check or draft is received at the proof and transit facility of the depository and the banking day on which the funds are available for withdrawal.

2. If the payor bank or other financial institution is located in this state, after not more than 4 banking days have intervened between the banking day on which the item is received at the proof and transit facility of the depository and the banking day on which the funds are available for withdrawal.

3. If the payor bank or other financial institution is located in any other state, after not more than 7 banking days have intervened between the banking day on which the item is received at the proof and transit facility of the depository and the banking day on which the funds are available for withdrawal.

SECTION 27. **Initial applicability.** The treatment of section 138.056 (2) (c) of the statutes by this act first applies to variable rate loans entered into, refinanced, modified or extended on January 1, 1987.