

Chapter CU 60

**DIVIDENDS PAYABLE ON MEMBER SHARE  
ACCOUNTS AND DEPOSIT ACCOUNTS**

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**Note:** Chapter CU 60 as it existed on February 28, 1978 was repealed and a new chapter CU 60 was created effective March 1, 1978.

**CU 60.01 Maximum dividend.** (1) The maximum rate of dividends payable by a credit union or a central credit union on all member share accounts and all deposit accounts shall not exceed 6% per annum without the prior written approval of the commissioner of credit unions.

(2) The maximum rate of dividends payable by a credit union or a central credit union on each classification of member share or deposit accounts shall not exceed 6% per annum without the prior written approval of the commissioner of credit unions.

(3) The rate of dividends declared by a credit union or a central credit union on each classification of member share and deposit accounts shall be paid to all like accounts complying with the minimum requirements as determined by the credit union board of directors for the establishment of that savings account.

**History:** Cr. Register, February, 1978, No. 266, eff. 3-1-78.

**CU 60.02 Dividend periods.** In order for dividends to be paid more frequently than quarterly, the credit union board of directors must secure the prior written approval of the commissioner of credit unions. Subject to the requirements of CU 60.01 and 60.02, dividends may be calculated and paid on passbook time accounts and certificate of deposit accounts on a daily basis.

**History:** Cr. Register, February, 1978, No. 266, eff. 3-1-78.

**CU 60.03 Grace period in the computing of dividends.** A credit union or a central credit union may pay dividends on member share accounts, deposit accounts or certificate of deposit accounts accepted during the first 10 calendar days of any month retroactive to the first day of that month at the applicable rate established, or the rate to be declared, for such classification of savings. The application of this authority must apply to all like classification of savings.

**History:** Cr. Register, February, 1978, No. 266, eff. 3-1-78.

**CU 60.04 Time and certificate of deposit accounts.** (1) (a) The credit union board of directors may establish and guarantee in advance the rate of dividend on passbook time and certificate of deposit accounts subject to the limitations of CU 60.01 and 60.02.

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(b) 1. "Passbook" shall include any book, statement of account or other record approved by the commissioner of credit unions in which shall be entered all monies paid by the individual to the credit union and all monies received by the individual from the credit union.

2. The term "certificate of deposit" means a deposit evidenced by an instrument which provides on its face the amount of such deposit that is payable:

a. On a certain date specified in the instrument, not less than 30 days after the date of the deposit; or

b. At the expiration of a specified period not less than 30 days after the date of the instrument; and

c. Any penalty which may be exercised by the credit union for the early or premature cashing of the certificate prior to its maturity.

(2) (a) The maturity date of passbook time deposit accounts shall not be less than 90 days or more than one year. If mutually agreeable to the credit union and the passbook time account holder, the passbook time deposit may be extended or renewed at maturity for a period of time not to exceed one year.

(b) Other than for dividends credited to the passbook time account, the board of directors may authorize that additional deposits to such passbook time accounts may be accepted provided that the acceptance of such deposit shall automatically extend the maturity date of all monies in that passbook time account for the same period of time, at the same rate of dividend and with the same penalty provision as existed prior to that additional deposit.

(c) Withdrawals from passbook time accounts prior to maturity shall be penalized by one or more of the following: the forfeiture of the dividends accrued or paid on the amount withdrawn; 3 months dividends on the amount withdrawn; or reversion to the passbook dividend rate on member share accounts. At the option of the board of directors, the penalty imposed may be deducted from the amount deposited. The credit union policy manual or the credit union corporate minutes must indicate the policy of the board as to the deduction of the penalty from principal for the premature cashing of the passbook time deposit account. This policy must be uniformly applied by the credit union.

(3) Subject to the limitations of CU 60.01 (1) and (2), the board of directors may establish and guarantee in advance the rate of dividends on time certificates of deposit with a maturity date of not less than 30 days or more than 8 years. If mutually agreeable to the credit union and to the holder, the certificate of deposit may be extended or renewed at maturity. At the option of the board, if the dividend rate of the certificate of deposit is to be decreased or increased or the maturity date of the certificate of deposit is to be decreased or increased, the certificate may be cancelled and a new certificate issued; or the original certificate may be amended to reflect the change in the dividend rate or the new maturity date or both.

**History:** Cr. Register, February, 1978, No. 266, eff. 3-1-78; am. (2) (c) and (3) (a), renum. (3) (b) and (c) to be CU 60.05 (1) (a), renum. (3) (d) to be CU 60.05 (1) (d), renum. (4) to be CU 60.05 (2) to (4), Register, April, 1981, No. 304, eff. 6-1-81.

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**CU 60.05 Penalties for premature cashing of certificates of deposit.** (1) The board of directors shall select the penalties to be imposed from par. (a) or (b) for the premature cashing of a certificate of deposit prior to its maturity. The credit union policy manual or the credit union corporate minutes shall indicate the policy of the board as to which penalty is to be applied. This policy shall be uniformly applied by the credit union.

(a) The penalty for the payment of a certificate of deposit prior to its maturity if issued at a dividend rate of  $6\frac{3}{4}\%$  per annum or less shall be established by the board of directors from the following; the forfeiture of 3 months dividends on the certificate; or a reduction from the date the certificate was issued or renewed, to the most recent dividend rate paid by the credit union on member shares; or both. Certificates of deposit paid prior to maturity with a dividend rate in excess of  $6\frac{3}{4}\%$  per annum shall have a penalty of the forfeiture of 3 months dividends on the certificate plus the forfeiture by a reduction of the dividend paid or earned on that certificate of deposit. The reduction of dividend is based upon decreasing the certificate of deposit dividend rate to the rate most recently paid on member shares. This reduction of dividend is applied to the balance of the certificate of deposit from the date of issuance or the date of renewal for the number of days over 3 months the certificate is on deposit.

(b) If a certificate of deposit is issued for a period of 12 months (one year) or less, the minimum penalty for payment prior to its maturity shall be the forfeiture of 3 months dividends paid or earned on the amount withdrawn from the date of deposit. The minimum penalty for payment prior to maturity of a certificate of deposit issued for a period of more than 12 months shall be the forfeiture of 6 months dividends paid or earned on the amount withdrawn from the date of deposit.

(c) At the option of the credit union board of directors, the penalty imposed for the premature cashing of a certificate of deposit may be deducted by the credit union from the principal amount of the certificate. The credit union policy manual or the credit union corporate minutes shall indicate the policies of the board as to the deduction of the penalty from the principal for the premature cashing of the certificate of deposit. This policy shall be uniformly applied except for the exceptions in sub. (4).

(d) If necessary, the penalty imposed for the premature cashing of a certificate of deposit may be deducted by the credit union from the principal amount of the certificate.

(2) Unless it has been agreed by the credit union and the holder of the passbook time deposit account or the holder of the certificate of deposit that it is to be extended or renewed, no dividend need be paid on the passbook time deposit account or certificate of deposit subsequent to the date of maturity. However, the holder of the passbook time deposit account or the certificate of deposit shall receive at least 10 days written notice prior to its maturity. If the credit union neglects to provide this notice to the holder, the passbook time deposit account or the certificate of deposit shall receive dividends at the existing rate of the passbook time deposit account or certificate of deposit from the date the 10 days written notice was provided but dividends may not be paid for a period in excess of 30 days from the original maturity date.

(3) (a) The rate of dividend guaranteed by the board of directors on passbook time accounts and certificates of deposit shall terminate without penalty to the credit union upon dissolution of the credit union or if the commissioner of credit unions takes possession of the credit union.

(b) Other than to the issuing credit union, passbook time deposit accounts and certificates of deposit shall be assignable only by the credit union board of directors with the prior written approval of the commissioner of credit unions.

(4) In bona fide hardship cases, the credit union board of directors may waive the penalty for the premature cashing of a passbook time deposit account or a certificate of deposit account. However, the approval for each individual case and the reason for the request to waive the penalty must be recorded in the credit union corporate minutes. Examples of hardship cases requiring the proceeds of the certificate would include severe costs due to the illness of the owner of the account, terminal illness, death of the holder or similar catastrophic occurrences.

**History:** Cr. (1), (intro.), (b) and (c), (1) (a) renum. from CU 60.04 (3) (a) and (b) and am., (1) (d) renum. from CU 60.04 (3) (d), (2) to (4), renum. from CU 60.04 (4) to (6), Register, April, 1981, No. 304, eff. 5-1-81.

**CU 60.06 Prior claim of deposit accounts.** All member deposit accounts, including time deposits, shall have a prior claim over member share accounts of the available cash and subsequent cash receipts of the credit union. This priority to available cash would also exist during the imposition by the board of directors of the requirement that the member give to the credit union 30 days written notice of his intention to withdraw the whole or any part of the amount paid in by him on share accounts.

**History:** Cr. Register, February, 1978, No. 266, eff. 3-1-78; renum. from CU 60.05, Register, April, 1981, No. 304, eff. 5-1-81.