

## Chapter S-L 3

## UNINSURED ASSOCIATIONS

S-L 3.01 Uninsured associations

S-L 3.02 Reorganization and securing insurance of accounts

**S-L 3.01 Uninsured associations.** (ss. 215.03 (1), 215.11 and 215.21 (17), Stats.) An association, the accounts of which are not insured by a federal insuring agency, shall comply with the provisions relating to the following topics to the same extent as if the association were so insured:

(1) **SURETY BOND.** The surety bond provisions of 12 CFR 563.19 to 563.21.

(2) **CONFLICT OF INTEREST.** The conflict of interest provisions of 12 CFR 563.34, 563.35 and 563.40 to 563.45.

(3) **LIQUIDITY.** The liquidity provisions of 12 CFR 523.11.

(4) **APPRAISAL POLICIES AND PRACTICES.** The appraisal provisions of 12 CFR 563.17-1a and 571.1b.

History: Cr. Register, June, 1989, No. 402, eff. 7-1-89.

**S-L 3.02 Reorganization and securing insurance of accounts.** (s. 215.50 (1), Stats.) (1) **REORGANIZATION AUTHORIZED.** With the approval of the administrator, a mutual association, the deposit accounts of which are not insured by a federal insuring agency, may reorganize into another type of mutual depository institution, including a state credit union, in a transaction in which it obtains insurance of deposit accounts.

(2) **STANDARDS FOR REORGANIZATION.** The transaction shall be completed pursuant to a plan of reorganization approved by the administrator and which the administrator finds does all the following:

(a) Is fair and equitable to all depositors in the reorganizing association.

(b) Provides for establishment, on behalf of depositors at the reorganizing association, of insured accounts in the reorganized institution on the same terms previously in effect. However, the membership rights attributable to the depository [institution] by virtue of their accounts may be modified to reflect any statutory or other regulatory differences between the reorganizing association and the reorganized depository institution.

(c) Complies with any other requirements prescribed in writing by the administrator.

(3) **APPROVAL OF PLAN OF REORGANIZATION.** The plan of reorganization shall be approved by an affirmative vote of the majority

of all votes entitled to be cast by members of the reorganizing association. The association shall mail a notice of a meeting to vote on the plan of reorganization to each member and post one in each association office at least 10 days prior to the meeting. The notice shall state the date, time, place and purpose of the meeting; provide a summary of the plan of reorganization; and include any other information specified by the administrator.

(4) **APPLICATION.** Within 90 days after the date of the meeting at which a plan of reorganization is adopted, the association shall submit the following to the administrator:

(a) A certified copy of the minutes in the meeting at which the plan was adopted.

(b) Evidence of issuance of a document by a state or federal regulator or both authorizing the transaction if the reorganized entity has a primary regulator other than the administrator, proof of approval of insurance of accounts for the reorganized institution and a timetable of steps to be taken to effect the reorganization.

(c) A \$1,000 fee for processing of the reorganization application.

(d) Any additional information that the administrator may require pertaining to insurance of accounts or the reorganization.

(5) **CONTINUATION OF RIGHTS AND OBLIGATIONS.** Upon reorganization, the corporate existence of the association shall terminate and the resulting depository institution shall be deemed a continuation of the association. All property and rights of the association shall vest in the resulting depository institution at the time of reorganization and all of its obligations shall become those of the resulting institution. Transactions, actions and other judicial proceedings to which the association was a party may be conducted, prosecuted and defended by the successor.

(6) **ADMINISTRATOR'S FINAL DOCUMENT.** Upon completion of the reorganization, the administrator shall issue a certificate cancelling the corporate existence of the association and no further business shall be conducted by that association.

(7) **EXPIRATION DATE.** This section shall expire at the close of December 31, 1997.

History: Cr. Register, August, 1996, No. 488, eff. 9-1-96.