

CHAPTER 215.

BUILDING AND LOAN ASSOCIATIONS.

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215.01 Local and foreign; organization. (1) A corporation for the purpose of raising money to be loaned among its members shall be known as a building and loan association; if organized under the laws of this state, as a local association, and if under the laws of any other state or territory, as a foreign association. The words "building and loan association" shall form part of the name of every such local association hereafter organized, and no corporation not organized under these statutes shall be entitled to use a name embodying such words, except that corporations now existing may continue their present names. The name adopted by any association hereafter incorporated shall not be the same assumed by any other association, nor so similar as to be liable to mislead.

(2) Any number of adult persons, citizens of Wisconsin as provided in section 215.05, desiring to associate for the purpose of organizing a building and loan association under this chapter, shall make application to the banking commission in such manner as may be prescribed on a form furnished by it.

(3) Such application shall be prepared and filed in duplicate, and shall set forth:

- (a) The location of the proposed corporation.
- (b) The character of the business to be transacted.
- (c) The full name, residence and occupation of each applicant.
- (d) Such other information as the banking commission and building and loan supervisor may require.

(e) Applicants must show the need of an additional association in the locality in which they intend to locate.

(f) Any association may in lieu of the words which must form part of its corporate name use the words "savings and loan" for part of its corporate name.

(4) Upon receipt by the banking commission of such application properly executed, it shall, within thirty days, forward to the applicants a copy of an official notice of application for authority to organize a building and loan association, containing such information as shall make known to the public the facts specifically required by statutes

to be given in the application, and assigning a date and place for hearing on the application. Such notice shall be mailed by the banking commission to all associations organized and doing business within a radius of two miles of the proposed location of the new association, such existing associations shall be given written notice of the organization of the new association within this radius. The banking commission shall also give each of the organized associations the date and place of the hearing on the application and such notice shall be published once each week for four consecutive weeks by the applicants, at their own expense, in a newspaper published in the city, town, village or place where such building and loan association is to be located; or, if no newspaper is published therein, in a newspaper published in the county in which such place is located, or, if none is published in such county, then the newspaper published at the nearest county seat in an adjoining county. Following the last publication, proof of publication shall be filed with the banking commission in such form as may be required.

(5) The applicants shall pay to the banking commission fifty dollars to defray the cost of the investigation of the application, which sum shall be paid into the state treasury.

(6) (a) In the event of the approval of the application for authority to organize a building and loan association, the banking commission shall issue to the applicants, who shall thereafter be known as the incorporators, a certificate of authority conferring upon them such powers as are incidentally or necessarily preliminary to the organization of a building and loan association. Those powers shall include the effecting of a temporary organization, consisting of a chairman, a secretary, and a treasurer; the execution and filing of articles of incorporation; the making of rules for the procedure of the incorporators and the conduct of the first meeting of the stockholders; the opening of subscription books for stock.

(b) The certificate so issued shall be void after ninety days from date of issue, except that the commission may for good cause, after a hearing held, extend the time limit of such certificate for a further period not exceeding thirty days.

(7) The chairman of the corporation shall preside at all meetings and shall exercise such other duties as ordinarily pertain to the position. The secretary shall attend to the correspondence of the incorporators, shall record fully all proceedings of meetings of the incorporators, shall file and preserve all documents and papers of the organization, and shall attend to the filing of the necessary papers with the banking commission. The treasurer shall receive all moneys paid in on subscriptions to stock or for other purposes, keep a true account thereof, shall deposit such funds in the designated depository, and shall pay such valid orders as may be drawn on him. The incorporators shall require a bond in a suitable amount from the treasurer, and other officers and agents who may handle the funds of the proposed building and loan association. Claims against the organizations shall be audited by the incorporators, and record of action thereon noted in the minutes. If ordered paid, an order shall be drawn upon the treasurer and signed by the president and secretary. The incorporators shall, until the completion of the organization, exercise such other powers as are conferred upon the incorporators by the statutes relating to other corporations so far as such powers shall not be in conflict with the limitations of this chapter, and shall be applicable.

(8) No individual, partnership or corporation shall directly or indirectly receive or contract to receive any commission, salary, compensation, bonus, rights or privileges of any kind for organizing any building and loan association in the state, or for securing a subscription to the original capital stock of any building and loan association in this state, to complete organizations as provided in section 215.05 provided that this section shall not be construed as prohibiting an attorney or attorneys at law from receiving reasonable compensation for legal service in connection therewith, after the association has been granted a charter. Each and every individual, partnership or corporation violating the provisions of this section shall forfeit to the state one thousand dollars for each and every such violation, and in addition thereto double the amount of such commission, salary, compensation or bonus.

(9) Any association, which shall have determined to move its office or place of business to some other location in the same town, village or city, shall make application to the banking commission. In the event that the proposed location is more than one mile from its then location the provisions of this section as to application, location, need, notice, hearing, fees (not to exceed the cost of investigation) and approval of new location are hereby made applicable to and imposed upon such association making application to change the location of its office or place of business.

(10) It shall be unlawful for any association to move its office or place of business from one town, village or city, to some other town, village or city in this state.

(11) The provisions of subsections (9) and (10) of this section shall not apply whenever the commission shall deem it for the best interest of the shareholders, with the ap-

proval of the advisory committee, to change the location of an association for the purpose of stabilization, reorganization, consolidation or grouping.

(12) No action may be brought under chapters 267, 286 and 304 against any local association or corporation organized and doing business as provided in this chapter.

(13) The commission shall, with the approval of the advisory committee, issue orders prescribing reasonable rules and regulations in conducting the business of associations or corporations operating as provided in this chapter and it may in like manner issue orders amending, modifying, repealing or supplementing rules or orders. The violation of any such rule may be cause for the removal of any officer, director or employe of any association or corporation.

(14) Any association may accept as additional collateral to its bond and mortgage any other real estate or personal property, or a policy or policies of life insurance issued on the life of any person who is in any way a party to or responsible for the repayment of the mortgage bond. The association may be named as beneficiary as well as absolute assignee of such policy of life insurance, and, to protect its interest therein, advance premiums thereon in the discretion of the board of directors.

(15) Chapter 108 shall not apply to any officer or director elected to such office or position for a definite term. [1931 c. 171 s. 1, 3; 1931 c. 292 s. 2; 1933 c. 372 s. 3; 1937 c. 284 s. 3; 1939 c. 221, 240, 464; 1941 c. 320]

Note: Commissioner in possession of build- without compliance with (9), but (10) pre-
ing and loan association for purposes of vents him from moving its office to another
liquidation may move office of association municipality. 20 Atty. Gen. 996.

215.02 Incorporation. Local associations may be organized and conducted under the general laws relating to corporations except as herein provided; but the articles of incorporation, amendments thereof and all papers relating thereto shall be filed with the banking commission. The building and loan supervisor may with the approval of the banking commission, issue the certificate of incorporation; but the same shall not issue until a verified copy of the by-laws adopted by the incorporators shall be filed with and approved by them; and until such certificate be issued no such association shall have legal existence and only such by-laws, alterations and amendments thereof as shall have been so filed and approved shall be deemed operative. The fee for said certificate shall be twenty-five dollars, for filing amendments to the articles five dollars, which shall be paid to the banking commission, and all fees received by it shall be paid into the state treasury. Any such association failing to commence business within one year from the date of the issuance of the certificate of incorporation shall cease to exist and such articles of incorporation and such certificate shall be null and void. [1937 c. 284 s. 3]

215.03 Issuance of charter is discretionary. The banking commission shall have discretionary power in the granting of certificates of incorporation or authority for such associations, and may refuse to grant such certificates when the plan of operation outlined in the articles of incorporation and by-laws submitted for approval does not comply with the statutes governing associations or the accepted and prevailing practices of associations in this state; when the incorporators or organizers of the association or any of them are persons who shall not be of such character, responsibility and general fitness to warrant the belief that the association will be conducted for the best interests of the members; when the location of the proposed association shall be in such close proximity to an association already organized that the business of the established association might be interfered with and the support of the newly-organized association would not be such as to assure its success; or when other good and sufficient reasons exist for such refusal. [1937 c. 284 s. 3]

215.04 Appeal to board of review. In the event that the banking commission shall refuse to grant a certificate of authority under the provisions of section 215.03, and the applicants for such certificate feel aggrieved at such decision, they may appeal to the building and loan advisory committee, constituted by section 215.48, and such building and loan advisory committee shall have the same jurisdiction over such appeal as the bank review board has over appeals in the case of the incorporation of banks, and the procedure for determination and review under this section shall be the same and as binding as that provided for said board of review with respect to a state bank in section 220.035. [1937 c. 284 s. 3; 1941 c. 320]

215.05 Minimum membership. No association shall be organized in any town, village or city of less than ten thousand inhabitants with less than fifty adult initial members and five hundred instalment shares. In any city of ten thousand and less than one hundred thousand inhabitants no association shall be organized with less than one hundred adult initial members and one thousand instalment shares. In any city of or over one hundred thousand inhabitants no association shall be organized with less than two hundred and fifty adult initial members and twenty-five hundred instalment shares. In any city of four hundred thousand inhabitants or over no association shall be organized with less than

three hundred adult initial members and six thousand instalment shares. The membership fee and the first month's dues shall be collected and deposited in a bank before any such association shall be granted a charter or may begin business.

215.06 One office only. No such association shall establish more than one office nor establish nor maintain branches.

215.07 Powers. Such local associations shall have power:

(1) To issue stock to members; to assess and collect from members fees, dues, fines, interest, premiums and other charges, and the same shall not be held to be usurious; to permit or force members to withdraw all or part of their stock; to make loans to members; all upon such terms and conditions as may be provided in the by-laws.

(2) To borrow money, not inconsistent with the objects of the association, and issue its evidences of indebtedness therefor, and assign as collateral security its mortgages, bonds, notes and mortgage its real estate, not exceeding in the aggregate amount 20 per cent of the share liability, except that with the approval of the commission an association may borrow an amount not exceeding 50 per cent of the share liability.

(3) To acquire, by purchase or otherwise, only such real estate as may be necessary for the protection or enforcement of its securities and the collection of any claims or debts due to it; with the advice and approval of the commission to sell or dispose of any or all of its assets to other associations and to acquire by purchase or otherwise all or any part of the property and assets of any other building and loan association; all real estate acquired pursuant to this section shall be sold within 10 years from acquiring title thereto, excepting that the commission may from time to time extend the time within which such real estate shall be sold.

(4) To delegate authority to its directors to alter or amend its by-laws under such restrictions and limitations as it may deem proper.

(5) To exercise all such powers as are necessary and proper to enable them to carry out the purposes of their organization.

(6) To invest, with the advice and approval of the commission, in evidences of indebtedness of other local building and loan associations, in bonds or evidences of indebtedness of the United States government, or assign as collateral security its mortgages and bonds or notes. But no association, having notices of withdrawal unpaid, shall be permitted to hold government, or government guaranteed securities, which together with its cash on hand exceed two per cent of its stock liability. Nothing herein contained shall prohibit any association from setting up reserves in cash or bonds, or both, for taxes, insurance, repairs on real estate, and such other reserves as the banking commission may order.

(7) With the advice and approval of the banking commission, to become a member of and/or to subscribe for and purchase notes and debentures issued by any federal finance or credit corporation which may be organized by act of congress for aiding and assisting building and loan associations to utilize their resources and credit, or to borrow from such finance or credit corporation, in either case in an amount not exceeding that allowed under the provisions of subsection (6) of this section.

(9) To invest its funds in stock, bonds and evidence of indebtedness of the building and loan finance corporation and to borrow money from such corporation, to become a member of the building and loan guarantee corporation, and to reduce the amount required to be placed in its contingent fund by the amount invested in such guarantee corporation.

(10) To become a member of a national mortgage company, make loans to its members as provided for in the national housing act approved June 27, 1934, and to issue shares of stock as provided in the federal home owners' loan act of 1933, as amended.

(12) With the approval of the commission, to act as trustees and perform such further acts as are provided for in section 331.41.

(13) To act, whenever designated by the secretary of the treasury of the United States or by any other instrumentality of the United States, as agent for said secretary of the treasury or any other instrumentality of the United States making the designation and perform all duties as agent that may be required of them; provided, however, resolutions authorizing such action are adopted by their boards of directors. [*Spl. S. 1931 c. 7. 31; 1933 c. 372 s. 3; 1935 c. 270, 357, 466; 1937 c. 236; 1937 c. 284 s. 3; 1939 c. 221, 240; 43.08 (2); 1941 c. 64, 320*]

Note: Subsection (8) does not authorize associations to divest themselves of state charters and become federal savings and loan associations. *State v. Hopkins Street B. & L. Ass'n, 217 W 179, 257 NW 684.* Affirmed in *Hopkins Savings Ass'n v. Cleary, 296 US 315.*

Building and loan association may lawfully purchase and hold tax certificates on real estate on which it holds mortgages 19 Atty. Gen. 578.

Wisconsin building and loan association may borrow from federal finance corporation and assign or incumber its assets as security. Such loans and other borrowings of association are limited to two-fifths of its assets. Conditions imposed upon use of loan should not be attached to commissioner's certificate of approval of application. 21 Atty. Gen. 392.

Subsection (7) authorizes Wisconsin building and loan associations to subscribe

to stock of federal home loan bank. 21 Atty. Gen. 907.

Building and loan association may not legally own shares in another building and loan association. 24 Atty. Gen. 3.

Lending money under national housing act at different rate of interest than that charged members and under different form of contract does not make building and loan association any less mutual association entitled to federal income tax exemption provided substantially all of its business is confined to making loans to members. 24 Atty. Gen. 609.

Associations do not, acting under (6), Stats. 1935, have power to borrow for more than one year or in excess of two-fifths of assets of land. 25 Atty. Gen. 502.

Association may take deeds to mortgaged property in settlement of foreclosure. 25 Atty. Gen. 503.

215.07 (2) and (6), as amended by ch. 240, Laws 1939, authorize borrowing of money by one building and loan association from another, 215.15, limiting amount which building and loan association may loan to its members, does not apply to loans made under 215.07 (2) and (6). 28 Atty. Gen. 653.

215.08 Capital. (1) The capital stock of any such association shall be unlimited; its share capital shall consist of and be the aggregate of payments upon all share accounts and dividends credited thereto, less redemption, repurchase or withdrawal payments or depreciation charges made pursuant to this chapter. The participation value in the share capital of each share account held by a member shall be the aggregate of payments upon such share account and dividends credited thereto less withdrawals, redemption and repurchase payments and depreciation charges.

(2) The capital stock may be made issuable at any time as the directors may determine and shall be divided into two or more classes: (a) paid-up or investment shares, (b) instalment or saving shares, which savings shares may be divided into classes as prescribed by the by-laws. Shares paid for in full at the time of issue shall be designated as paid-up or investment shares and shall be issued only in amounts of \$100 or multiples thereof; and shares paid for on a partial payment plan shall be designated as instalment or savings shares. Associations may provide for instalment shares with the matured value of \$100 per share. All share accounts shall be represented by share account books, containing a certificate of membership and evidencing the participation value of the share account, except that paid-up or investment share accounts or savings share accounts may be represented by separate certificates. Payments made upon instalment shares shall be called dues or share payments.

(3) Share accounts may be issued for cash or property in which the association is authorized to invest and in the absence of actual fraud in the transaction the value of property taken in payment therefor as determined by the board of directors shall be conclusive. All share accounts shall be nonassessable; and no holder thereof shall be responsible for any losses incurred by the association beyond the loss of the participation value of his share accounts. [1935 c. 357; 1939 c. 240; 1941 c. 320]

Note: A shareholder in a building and loan association is not entitled to examine the books of the association in the absence of statutory provision authorizing such examination. *State ex rel. Schomberg v. Home Mut. B. & L. Ass'n*, 220 W 649, 265 NW 701.

Where definite limitations exist in charter or by-laws, association can avail itself of legislative extension of power only by amending charter or by-laws to include such extension. 24 Atty. Gen. 632.

215.085 [Repealed by 1935 c. 357]

215.09 Cancellation of stock; interest on prepaid dues. Whenever any shares are withdrawn, forfeited, retired, repurchased, redeemed or surrendered the certificate or certificates and share account books therefor shall be surrendered and cancelled. In case of partial withdrawal, repurchase or redemption of shares the certificate representing the same shall be cancelled and a new certificate issued for the amount of shares remaining in force, or the withdrawal may be indorsed on the certificate; if such shares are also evidenced by share account books, the amount of such withdrawal, repurchase, redemption or share loans, if any, shall also be immediately entered therein. Payments of dues or interest may be made in advance, but no discount shall be allowed therefor and no dividends shall be credited for payments exceeding in amount the regular payments for one year. [1941 c. 320]

215.10 Redemption. At any time funds are on hand for the purpose, the association shall have the right to redeem by lot, or otherwise as the board of directors may determine, all or any part of any of its share accounts on a dividend date, by giving 30 days' notice by registered mail addressed to the holders at their last address recorded on the books of the association. The association shall not redeem any of its share accounts when there is an impairment of share capital or when it has applications for repurchase which have been on file more than 30 days and not reached for payment. The redemption price of share accounts redeemed shall be the full value of the share account redeemed, as determined by the board of directors, but in no event shall the redemption price be less than the repurchase value. If a share account which is redeemed is entitled to participate in the reserve for bonus, the amount of such accrued participation shall be paid as part of the redemption price. If the aforesaid notice of redemption shall have been duly given, and if on or before the redemption date the funds necessary for such redemption shall have been set aside so as to be and continue to be available therefor, dividends upon the share accounts called for redemption shall cease to accrue from and

after the dividend date specified as the redemption date, and all rights with respect to such share accounts shall forthwith, after such redemption date, terminate, except only the right of the holder of record to receive the redemption price without interest. [1941 c. 320]

215.11 Repurchase. The association shall have the right to repurchase its share accounts at any time upon application therefor and to pay to the holders thereof the repurchase value thereof. Holders of share accounts shall have the right to file with the association their written application to repurchase their share accounts, in part or in full, at any time. Upon the filing of such written applications to repurchase, the association shall number and file the same in the order received and shall either pay the holder the repurchase value of the share account, in part or in full as requested, or, after 30 days from the receipt of such application to repurchase, apply at least one-third of the receipts of the association from holders of share accounts and borrowers to the repurchase of such share accounts in numerical order; provided, that if any holder of a share account applies for the repurchase of more than \$1,000 of his share account or accounts, he shall be paid \$1,000 in order when reached, and his application shall be charged with such amount as paid and shall be renumbered and placed at the end of the list of applications to repurchase, and thereafter, upon again being reached, shall be paid a like amount, but not exceeding the value of his account, and until paid in full shall continue to be so paid, renumbered, and replaced at the end of the list. When an application to repurchase is reached for payment as above provided, a written notice shall be sent to the applicant by registered mail at his last address recorded on the books of the association, and, unless the applicant shall apply in person or in writing for such repurchase payment within 30 days from the date of mailing such notice, no payment on account of such application shall be made and such application shall be cancelled. The board of directors shall have the absolute right to repurchase not exceeding \$100 of any one share account or accounts of any one holder in any one month in any order regardless of whether or not such holder has filed an application for repurchase. Holders of share accounts filing written application for repurchase shall remain holders of share accounts until paid and shall not become creditors. Dividends upon a share account, to the extent of the amount of the application to repurchase all or part thereof, shall be discontinued while such share account remains upon the repurchase list. The repurchase value of share accounts of the association shall be the participation value thereof. [Spl. S. 1931 c. 23 s. 2; 1937 c. 284 s. 3; 1941 c. 320]

215.114 Payment of dividends after notice. (1) Whenever unpledged shares of stock have been noticed for withdrawal in the manner as provided in section 215.11, said shares, instead of being without right to dividends, interest or profits from the time of giving notice of withdrawal, shall hereafter be entitled to dividends at the times, in the manner and in amounts as follows: for the first dividend paying period after the filing of the notice of withdrawal, said shares shall not be entitled to any dividends; for the second dividend paying period after the filing of the notice of withdrawal, such shares shall be entitled to one-half the rate of dividends declared on stock of the same class not on notice; for the third dividend paying period after the filing of the notice of withdrawal and thereafter such shares shall be entitled to the same rate of dividends declared on stock of the same class not on notice.

(2) Such dividends are to be paid or credited only on such unpledged shares as are on the books of the association on dividend paying dates as provided for in the by-laws of the association and shall not be paid for any dividend paying period prior to the taking effect of this section. [1937 c. 236]

Note: This section, created by chapter 236, Laws 1937, is prospective in operation and applies only to dividend paying periods subsequent to June 15, 1937, effective date of act, regardless of whether notice of withdrawal was given prior or subsequently thereto. 26 Atty. Gen. 524.

215.115 Retiring shares of members in distress. Whenever the commission shall find that an association is unable to retire all shares noticed for withdrawal as provided in section 215.11, it shall order such association to retire shares of such members first as are, on account of unemployment or other extraordinary circumstances, in financial distress. The commission shall make reasonable rules and regulations for the withdrawal of shares of such members, such rules to conform with this section. [1935 c. 270]

215.116 Withdrawals other than in cash. A member may, with the approval of the banking commission and the board of directors, apply his unpledged shares, whether such shares have been noticed for withdrawal or not, toward the purchase price of any of the association real estate or toward the payment of his loans, taxes, insurance or any other item owing the association. [1933 c. 188; 1937 c. 284 s. 3]

215.12 Deceased members. The stock of a deceased member may be held and controlled by the legal administrator, executor, or trustee of the estate of such member, or sixty days after the death of a member his legal representative may be paid the full

amount of dues paid in and such proportion of the dividends or earnings apportioned or credited to his shares of stock as the by-laws may provide, less all charges due on his stock; provided, that within such time, if the shares be pledged for a loan, the same be fully repaid. No fine shall be charged to a member's account after his decease unless future payments on such shares be assumed by his legal representatives.

Note: Representatives of deceased members in building and loan association are not given prior rights when association is on withdrawal notice and receipts are not sufficient to pay demand for withdrawal. Such representatives must wait their turn on withdrawal list. 22 Atty. Gen. 903.

215.13 Matured stock. When, by making regular weekly or monthly payments as provided for in section 215.08, any stock shall have reached its matured value payment of dues thereon may at the option of the member cease. The holders of unpledged shares may continue to make payments upon such shares or may request the repurchase of such shares by the association, in which event he shall be paid out of the funds of the association the matured value thereof; provided, that at no time shall more than one-third of the monthly receipts of dues and interest of the association be applicable to the payment of matured or withdrawing shares without consent of the directors; but they may, at any time before maturity, retire unpledged shares by enforcing the withdrawal of the same as prescribed in the by-laws or articles of incorporation. [1931 c. 171 s. 2; *Spl. S. 1931 c. 23 s. 2; 1941 c. 320*]

Note: Shares of stock in a building and loan association may be pledged to others than the association issuing them. The pledgee of such stock cannot recover from the issuing association, if payment was made by the association to the pledgor without notice of the pledge, and a complaint in an action by a pledgee for such recovery is held insufficient for absence of an allegation that such payment was made after notice of assignment of the certificate to plaintiff. *North Ave. State Bank v. Excelsior M. B. & L. Ass'n, 207 W 260, 240 NW 175.*

Matured stock in building and loan association under 215.13 and 215.134 should be fully retired in cash and matured share certificates should be issued therefor in event of inability of association to retire same. Building and loan association may not act as agent of life insurance company in collection of premiums. 26 Atty. Gen. 561.

215.134 Retiring and converting matured instalment shares. Whenever an association shall be unable to retire instalment shares, which have reached matured value as provided in section 215.13, such association shall convert such shares into matured shares. A matured shares certificate shall be issued to such shareholder. If the matured value of such shares exceeds the par value of shares of the association, the amount exceeding the par value of shares shall be paid to the owner of such shares in cash. Dividends declared upon such shares may be paid in cash. [1935 c. 270]

215.135 Membership, how terminated. Any member or shareholder who shall have given notice of withdrawal as provided for in section 215.11, or any member or shareholder whose shares shall have matured as provided in section 215.13, shall remain such member or shareholder and be subject to all rights, privileges and duties as provided for in this chapter and the by-laws, rules and regulations of such association until the withdrawal value of such shares shall have been paid to him and his certificate of shares canceled by the association. [1931 c. 70]

Note: Rights of withdrawing and maturing members of building and loan associations discussed. 21 Atty. Gen. 219.

215.137 Officers and employes profiting on stock purchase; penalty. Any officer, director or employe of any association who shall directly or indirectly profit through the purchase, sale, exchange, retirement or cancellation of any stock of said association from any person, firm or corporation, or be interested as a stockholder or partner in any corporation or partnership which, through purchase or sale of stock of an association of which he is an officer, director or employe, shall make a profit, shall be deemed guilty of a misdemeanor and upon conviction shall be punished by imprisonment in the county jail not more than one year or by a fine not exceeding one thousand dollars. [1937 c. 236; 1939 c. 240]

215.14 Loans. The funds of the association shall be loaned to members either on the sole security of their share accounts or on the security of first liens on real estate in the manner and upon the terms prescribed in the rules and regulations or in the by-laws; provided the security offered be satisfactory to the board of directors. [1941 c. 320]

215.145 [Expired March 1, 1937; see 1933 c. 229; 1935 c. 8]

215.15 Mortgages; pledges. For every loan made a nonnegotiable note or bond, secured by mortgage upon real estate situated in the state of Wisconsin, in the county where such association is located, or within a radius of not to exceed 50 miles from the office of such association, as the by-laws of each association shall provide, unnumbered except by prior loans of such association, shall be given, accompanied by a pledge to the association of the shares borrowed upon. Such pledge of stock shall be evidenced by the assignment to the association and surrender of the stock certificate or certificates representing the stock pledged. Provided, that any association heretofore organized may make loans

upon real estate situated outside of the county where such association is located if authorized thereto by its articles or by-laws. Associations may also make mortgage loans to members which shall provide that the dues (principal) paid shall be deducted from the principal amount due on the loan; and the interest charged upon such loan shall be adjusted at least every 6 months on the unpaid balance of the loan on such adjustment date. The monthly payment of dues (principal) and interest shall be of such an amount so that such payments of dues (principal) will retire the loan within 20 years. The mortgage, bond, note or contract may provide that the interest rate may be increased after 3 years from the date of such mortgage, bond, note or contract, by giving to the borrower at least 4 months' notice of such intention. The borrower may after the receipt of such notice repay his loan within the time specified in such notice without the payment of any fine or penalty; provided further that any association may lend to members without the requirement of amortization of principal not exceeding 50 per cent of the appraised value of the security of a first lien on real estate as provided herein such loans to be repayable in not more than 5 years with or without amortization of principal with interest payable at least semiannually, but not more than 15 per cent of the share liability of the association may be invested in such loans. Such mortgages shall have priority over all liens, except tax and special assessment liens, upon the mortgage premises and the buildings and improvements thereon which shall be filed subsequent to the recording of such mortgage. The borrower shall cause the buildings and improvements on any property on which an association has a mortgage to be insured for the benefit of the association against loss by fire, lightning, tornado and windstorm, in some company or companies to be selected or approved by the board of directors of the association in an amount which they shall designate, and shall keep the building so insured during the continuance of the mortgage. The insurance policy or policies shall remain on deposit with the association until the loan is paid. The directors in their discretion may dispense with said mortgage when the withdrawal value of the shares borrowed upon shall exceed the amount borrowed and interest thereon for 6 months. If the borrower neglect to offer security satisfactory to the directors, within the time prescribed in the by-laws, his right to a loan shall be forfeited and he may be charged with premium on loan, one month's interest and any expense incurred, as the directors may determine. It shall be unlawful for any association, the assets of which do not exceed \$50,000, to make loans exceeding in the aggregate \$5,000 to one borrower; if its assets exceed \$50,000 but do not exceed \$100,000, it shall be unlawful for it to make loans exceeding in the aggregate \$7,500 to one borrower; if its assets exceed \$100,000 but do not exceed \$200,000, it shall be unlawful for it to make loans exceeding in the aggregate \$10,000 to one borrower; if its assets exceed \$200,000 but do not exceed \$500,000, it shall be unlawful for it to make loans exceeding in the aggregate \$20,000 to one borrower; if its assets exceed \$500,000, it shall be unlawful for it to make loans exceeding in the aggregate \$25,000 to one borrower. It shall be unlawful for any association to make any loan on vacant lands or vacant lots unless such lots are included with other improved real estate or on property used for manufacturing purposes, or upon any theater, public hall, church, school building, hotel or public garage. No association shall make any loans to an officer, director or employe except loans on the sole security of share accounts owned by such officer, director or employe and except loans on the security of a first lien upon the home, or the combination of home and business property, owned and occupied by such officer, director or employe. [1939 c. 285; 1941 c. 320]

Note: Where a proposal to procure a new loan to replace a mortgage on a building under construction was suggested by a mechanics' lienor and the intent was that the surplus of the new loan should be used to discharge existing lien claims which, however, were not discharged, the new mortgagee was not entitled to subrogation to the lien of the old mortgage, in view, among other things, of the inequity of subrogation in the circumstances. *Union Trust Co. of Maryland v. Rodeman*, 220 W 453, 264 NW 508.

Association ordinarily should not consent to removal of buildings on property upon which it has loan, nor loan on vacant property be retained indefinitely. But power of association to protect its assets should not be unduly limited. 20 Atty. Gen. 362.

This section is impliedly repealed by 215.07 (10), 219.01 (2) and 219.03 in so far as 215.15 may have prohibited building and loan associations from assigning federal housing administration mortgage loans without recourse. 25 Atty. Gen. 399.

215.155 [Repealed by 1941 c. 320]

215.16 War emergency investments. The banking commission may, during a time of war or whenever a national emergency exists, in writing authorize an association to invest its funds, not exceeding five per cent of its assets, in bonds or other securities of the government of the United States of America. [1937 c. 284 s. 3]

215.17 [Renumbered section 372.09 by 1933 c. 436 s. 10]

215.18 Payment of loans. A borrower may repay his loan at any time by giving thirty days' written notice of his intention but if the amount of the advance repayment equals or exceeds twenty per cent of the original principal sum, the association shall have the right to charge ninety days' interest on the amount so repaid. He shall be charged

with the amount of the original loan and interest, premium and fines in arrears, and be given credit for the withdrawal value of his shares pledged as security. The balance shall be received in full satisfaction of said loan, and the shares thus credited be canceled and revert back to the association. A borrower may repay his loan at his option without claiming credit for said shares, whereupon said shares shall be retransferred to him freed from all claim by reason of said loan. Partial payments of loans may be made in a sum equal to the par value of one share or any multiple thereof, and for each such sum one share of stock shall be released from pledge. [1939 c. 482]

215.19 Loans due when; forfeiture. Whenever a borrower shall be in arrears in an amount equal to 6 monthly contractual payments his whole loan shall become due and payable without deduction of any premium paid; his pledged shares may be declared forfeited and their withdrawal value at the time of the first default, if any payments of dues have been made, applied as a payment on the loan; the balance, or the amount due, with interest and premium, fines and other charges thereon from the time of the first default, may be enforced by proceedings on his security according to law; provided, that any association in the discretion of its board of directors is authorized to accept only payments of interest on the loan and taxes on the mortgaged premises and may waive the payment of dues for periods not exceeding one year at a time. When the amount thus collected exceeds the amount due the excess shall be returned to the defaulting borrower. [1931 c. 171 s. 1, 3; 1931 c. 340; Spl. S. 1931 c. 12; 1941 c. 320]

215.20 Members; voting. (1) Any person, firm, copartnership, corporation, association, the home owners' loan corporation and other federal agencies may become a member of any such association in such manner as may be prescribed in the by-laws; but no person except the home owners' loan corporation and other federal agencies shall in any one association, in his own name or in the name of another, become the owner of shares of instalment stock exceeding in par value the sum of \$25,000; nor of paid-up stock exceeding in par value the sum of \$25,000. Shares may be issued to minors above the age of 14 years, who shall then be subject to the same duties and liabilities as adult members, and such shares, in the discretion of the directors, may be withdrawn by such minor, his parents or guardian, and in either case the payment made on such withdrawal shall be valid, as well as in relation to payments on shares forfeited, retired or matured. Minors under 14 may hold by trustee or guardian. Each member shall have one vote for each \$100 or fraction thereof appearing in his name on the books of the association except that each member shall have at least one vote. The by-laws may prohibit voting by proxy.

(2) Unless expressly stated in the proxy no proxy shall be valid unless the same authorizes a vote for the specific meeting or adjournment thereof set forth in said proxy. At no time shall any shareholder be deprived of his vote if he appears at a meeting, in which case his signed proxy shall be null and void for that meeting. [1935 c. 183; 1939 c. 240; 1941 c. 320]

215.21 Joint and survivor stock interests. When shares shall have been issued in the name of two persons, or their survivor, the right to vote upon such shares at any meeting of the association shall be no greater than if the shares were held by an individual. Upon the death of either the association shall be liable only to the survivor. Persons who hold shares in a fiduciary capacity shall have all the rights and privileges of membership except the right to hold office. Whenever a person holding shares in such capacity dies and no notice of the revocation or termination of the trust shall have been given to the association in writing, the withdrawal value of the shares may be paid to the beneficiary. The association shall not be liable to beneficiaries for moneys paid to their guardians or trustees on account of such shares.

215.22 Trust funds may be invested in paid-up stock. An administrator, executor, guardian or trustee, authorized to invest trust funds, may acquire and hold stock as such, in a building and loan association of this state, but shall in no event exceed the limitations prescribed in section 320.02 and shall have the same rights and be subject to the same obligations and limitations as other stockholders except the right to become a director or officer of an association. Stock issued to an administrator, executor, guardian or trustee shall specifically name the trust represented. [1939 c. 513 s. 45]

215.225 Withdrawal value of instalment shares may be applied on paid-up shares. Any member may apply the matured, repurchase or withdrawal value of his instalment shares towards the payment of one or more paid-up shares, but at no time shall he be paid any cash for the retirement of such instalment shares while the association shall have on file notices of withdrawals, requests for repurchase or unretired matured shares, except as otherwise provided for in this section. If such matured, repurchase or withdrawal value is more than one-half of the par value of one paid-up share the member shall pay such difference between the matured or withdrawal value of such instalment share and the par value of such paid-up share, but if the matured or withdrawal value

is less than one-half of the par value of one paid-up share, the difference shall be paid to him in cash. [1933 c. 372 s. 3; 1941 c. 320]

215.23 Taxation. The real estate owned by such local associations shall be assessed for taxation.

215.24 Expenses; contingent fund; dividends; appraisers, appraisal; suspension of dividends and withdrawals; stock loans; mortgage release. (1) On June 30 and December 31 of each year the gross earnings of the association shall be ascertained for the then ending 6 months' period, from which shall first be deducted the payment or provision for payment of the expenses of the association, and from the balance appropriate transfers shall be made to required reserves and undivided profit account. The balance of the profits shall be declared as a dividend; but no dividends shall be paid or credited except such as have been declared upon said dates; except by building and loan associations, the majority of whose stock is owned by the employes of public utility, street and interurban railway companies and their associated companies, in which associations earned dividends may be credited and paid at any time; the proportionate amounts may be paid in cash or be placed to the credit of holders of instalment stock, and holders of paid-up stock may receive their dividend in cash; provided, that if at the time of such dividend period there be not a sufficient amount in the contingent fund for the payment of losses then existing, no dividend shall be declared and no dividend shall be apportioned or credited on instalment stock and no dividend shall be apportioned, credited or paid on paid-up stock until all losses have been fully paid. Before any dividend shall be declared, credited or paid, at least three-tenths of one per cent per annum of the share and creditor liability shall be set aside as a fund for the payment of contingent losses, until such fund reaches at least 5 per cent of the share and creditor liability. All losses shall be paid out of such fund until the same is exhausted, and whenever said fund falls below 5 per cent of the share and creditor liability aforesaid it shall be replenished by regular appropriations, as hereinbefore provided, until it again reaches said amount. The rate of dividend declared and paid upon paid-up stock shall not exceed the rate declared and credited at the same time upon instalment stock, all dividends to be computed by a uniform method as prescribed by the commission.

(2) At the close of each fiscal year, and at such other time as the banking commission and the building and loan supervisor may direct or the board of directors may determine, it shall be the duty of the president to appoint a committee of 5, 3 of whom shall be members of the board of directors, and 2 shall be stockholders, not directors. It shall be the duty of this committee to examine the assets, books and accounts of the association. In lieu thereof the board of directors may by resolution incorporated in the minute book of the association employ a firm of public accountants or accept the audit and examination of books and accounts as made by the banking commission to check the assets of the association and determine any losses which may have been sustained and make a report of all of their findings to the board of directors. It shall thereupon be the duty of the board of directors to charge off all losses so reported, and if there be not a sufficient amount in the contingent fund and the net profits for the period for the payment of such losses, then such losses, or the balance unpaid, shall be apportioned according to the book value of all shares outstanding, whether instalment or paid-up stock, and the proportionate amount shall be charged to each member, except in the case of delinquent associations in which case the losses shall be assessed according to the book value of the shares. [1931 c. 171 s. 2; Spl. S. 1931 c. 23 s. 3; 1933 c. 250 s. 1; 1937 c. 284 s. 3; 1939 c. 240; 1941 c. 320]

Note: Commissioner of banking is not bound by appraisals and report of association's committee appointed under provisions of (2). 20 Atty. Gen. 1252.

Withdrawal value of shares in building and loan association is as established by charging off losses ascertained by audit or appraisal. Commissioner may direct audit under (2) or appraisal under (3). Known losses may be apportioned and charged to shares without audit or appraisal. 21 Atty. Gen. 664.

215.25 Operation expenses. The expenses of every such association shall be paid from its earnings; and no deductions from dues or share credits shall be made either directly or indirectly for that purpose. [1941 c. 320]

215.255 [Repealed by 1941 c. 320]

215.256 Investments limited. With the approval of the commission, any association may invest a sum of money not exceeding one hundred thousand dollars, but not to exceed one-half of its contingent fund, for the purchase or construction of a building to be occupied by the association as its office. [1939 c. 240]

215.26 By-laws. (1) The articles of association or by-laws of each local association must specify: The manner in which persons may become and cease to be members; the number of shares a member may own; the terms on which certificates for shares are to be issued, the form thereof and the fees therefor; the manner and condition of transfer of shares and fees therefor; the manner of renewing lost or destroyed certificates

and fees (whether membership or withdrawal) therefor; the time and manner of paying and the amount of dues, fees, interest, premiums and other charges; the fines for non-payment of any sum due or for other defaults or violation of rules; whether dividends shall be allowed or dues paid in advance; how shares in default may be forfeited and disposed of; how shares may be withdrawn, the fees to be charged therefor and the proportion of the profits payable on such withdrawal; the regulations as to retiring shares and the amount to be paid holders thereof; the proportion of the profits to be paid the legal representatives of deceased members; the terms and conditions upon which loans may be obtained, paid and cancelled; provisions for the custody and handling of securities and the banking and checking of funds; when and how meetings shall be called and held and what shall constitute a quorum; whether voting by proxy be permitted; the election and removal of officers and directors, the filling of vacancies, giving directors power to appoint and remove by resolution the members of an executive committee, the members of which shall be directors, which committee shall have and exercise the powers of the board of directors between the meetings of the board of directors; defining their duties and determining when and by whom their remuneration shall be fixed, but if the remuneration is fixed by the directors, it shall be fixed by majority vote; and provide such other rules and regulations, not inconsistent with law or the articles of incorporation, as the business of the association may require. The by-laws shall also prescribe that every director shall take and subscribe an oath that he will diligently and honestly perform his duty in such office and will not knowingly violate or permit a violation of any provision of this chapter. The by-laws may further provide for a bonus on instalment savings shares to be paid to shareholders for consistent and regular payments, not in excess of one per cent per annum.

(2) Each association shall have its by-laws prepared in convenient form and shall furnish a copy to every person who shall become a member of such association. It shall also inform annually, each member of any changes in such by-laws as may have been effected during the preceding year.

(3) With the approval of the commission, any association may by resolution of its board of directors fix and adjust loan interest payments; such interest payments shall not exceed the payments as provided for in the by-laws of the association. [1931 c. 292 s. 1, 2; 1933 c. 372 s. 3; 1937 c. 284 s. 3; 1939 c. 240; 1941 c. 320]

215.27 Building and loan associations; bond of officers. Every person appointed or elected to any position requiring the receipt, payment or custody of money or other personal property belonging to a building and loan association, shall, within thirty days after such appointment or election, give a bond in some good and responsible corporate surety company, in such sums as the directors shall require and approve. All such bonds shall be in the form prescribed by the banking commission. [1937 c. 284 s. 3]

215.271 Misapplication of funds; falsification; penalty. Every officer, director, employe, or agent of any association who embezzles, abstracts, or wilfully misapplies any moneys, funds, credits, or property of the association, whether owned by it or held in trust, or who without authority, issues or puts forth any certificate of shares, assigns any note, bond, mortgage, judgment or decree, or who makes any false entry in any book, record, report or statement of the association with intent in either case to injure or defraud the association or any person or corporation, or to deceive any officer or director of the association, or any other person, or any agent appointed to examine the affairs of such association, or any person who, with like intent, aids, or abets any officers, director, employe, or agent in the violation of this section, upon conviction thereof shall be imprisoned in the state prison for not to exceed twenty years. [1933 c. 372 s. 3]

215.272 Giving or accepting money for loans; penalty. Every officer, director, employe or agent of any association who shall for himself, directly or indirectly, take, accept or receive, or offer or agree to take, accept or receive any fee, compensation or thing of value whatever from any person in consideration of the association of which he is such officer, director, employe or agent, loaning any money to such person; or any person who shall for himself or for another directly or indirectly offer, give, present or agree to give or present any fee, compensation, or thing of value to any officer, director, employe or agent of any association in consideration of the association loaning any money to him, shall be punished by fine not exceeding \$1,000 or by imprisonment in the county jail not exceeding 6 months, or by both such fine and imprisonment, provided that nothing herein contained shall be construed as prohibiting any association from paying to its officers, directors or employes commissions on loans, or on the sale of shares or share accounts. [1933 c. 372 s. 3; 1941 c. 320]

215.275 Blanket bond. The banking commission in lieu of the individual bond provided for in section 215.27 may accept a schedule or blanket bond which covers all of the officers and employes of any building and loan association who are handling money or property of such association. [1937 c. 284 s. 3]

215.28 Renewal and filing. Such bonds shall be filed with the banking commission of this state within ten days next after the approval thereof by the board of directors, and receipts for the annual premium thereon, after the first year, shall be filed with the banking commission within ten days after the renewal date. The minute books of each association shall contain a record of each bond executed and approved. [1937 c. 284 s. 3]

215.29 Amount. Such bonds shall be sufficient in amount to protect the association from loss by reason of acts of fraud, dishonesty, forgery, theft, embezzlement, wrongful abstraction or misapplication on the part of the principal, directly or through connivance with others. The banking commission may at any time require additional bond or security when, in its opinion, the bonds then executed and approved are insufficient. [1937 c. 284 s. 3]

215.30 Directors to indorse; bank commissioner to file. No officer or employe who is required to give bond, shall be deemed qualified to enter upon the discharge of his duties until his bond, or the renewal or continuance thereof, shall have been approved by a majority of the board of directors and filed with the banking commission as herein required. [1937 c. 284 s. 3]

215.31 Supervision; reports. All associations 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 banking commission. Every such corporation, on the thirty-first day of December of each year, shall make a full and detailed report of its business done the preceding year, and of its condition on such date, in such form and containing such information as said commission may prescribe, and shall file with it a true and verified copy thereof on or before February first thereafter; accompanying the same shall be attached a copy of the statement of the association at the close of its last fiscal year, and an affidavit of the secretary of said association showing that a true copy of said statement was or will be delivered or mailed to each member. If any such association shall fail or refuse to furnish the report herein required it shall be subject, at the discretion of the banking commission, to a forfeiture of ten dollars per day for each and every day of default, and said banking commission may maintain an action in the name of the state to recover such penalty, and the same shall be paid into the state treasury. [1937 c. 284 s. 3]

Note: Board of directors of building and loan association cannot legally transfer property to one director in trust and release him from liability in regard thereto. 20 Atty. Gen. 544.

215.311 Supervisor of building and loan associations. The banking commission shall employ in the banking department a competent person for the supervision and examination of the building and loan associations, who shall be under the direction and control of the banking commission. No person shall be eligible to such appointment unless he shall have had at least three years actual experience in the business of conducting a building and loan association, or has served an equal length of time in the building and loan supervisory department of this or some other state, and who shall receive a salary not to exceed the salary paid by the banking department to the deputy banking commissioner of the banking department, and who shall file a corporate surety bond in the amount of ten thousand dollars to be approved by the banking commission. [1931 c. 171 s. 2; 1937 c. 284 s. 3]

215.312 Annual fees. On or before the fifteenth day of July of each year every building and loan association carrying on business in this state shall pay to the banking commission an annual fee as hereinafter provided:

(1) A capital fee of fifteen dollars.
 (2) In addition to such capital fee, an annual fee as determined by the banking review board and the building and loan advisory committee but not exceeding an amount as follows:

(a) Twelve cents per thousand for the first million dollars of assets or fraction thereof.
 (b) Ten cents per thousand for the second and third million dollars of assets or fraction thereof.

(c) Eight cents per thousand for the fourth, fifth, sixth, seventh, eighth, ninth and tenth million dollars of assets or fraction thereof.

(d) Six cents per thousand for all above ten million dollars of assets or fraction thereof.

(3) An association failing to pay such fees to the banking commission by the fifteenth day of July of each year shall, if ordered by the commission, forfeit a penalty of ten dollars for each day it neglects and fails to pay such fees. [1935 c. 402; 1941 c. 320]

Note: Fees in (1) and (2) apply to federal savings and loan associations chartered under federal home loan bank act and carrying on business in this state. 29 Atty. Gen. 369.

215.32 Examinations. At least once in each year, the said banking commission shall make or cause to be made an examination into the affairs of all such associations and for that purpose said commission or the examiners appointed by it shall have full 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. Special examination shall be made upon written request of five or more members, they guaranteeing the expense of the same. Any such association refusing to submit to an examination ordered or requested shall be reported to the attorney-general, who shall institute proceedings to have its charter revoked, which refusal shall be the cause for such revocation. [1935 c. 402; 1937 c. 284 s. 3]

215.33 Possession by banking commission. (1) **CONDITIONS FOR TAKING POSSESSION.** The banking commission may forthwith take possession and control of the business and property of any association to which this chapter is applicable whenever it shall find that such association:

- (a) Is conducting its business contrary to law, or
- (b) Has violated its charter, or any law, or
- (c) Is conducting its business in an unauthorized or unsafe manner, or
- (d) Is in an unsound or unsafe condition to transact its business, or
- (e) Has an impairment of its capital, or
- (f) Cannot with safety and expediency continue business, or
- (g) Has suspended payment of its obligations, or
- (h) Has neglected or refused to comply with the terms of a duly issued order of the commission, or
- (i) Has refused to submit its books, papers, records or affairs for inspection to any examiner, or
- (j) Has refused to be examined upon oath regarding its affairs.

(2) **PROCEDURE ON TAKING POSSESSION.** Upon taking possession of the business and property of any such association the banking commission shall forthwith:

- (a) Serve a notice in writing upon the president and secretary of said association, setting forth therein that it has taken possession and control of the business and property of said association. Said notice shall be executed in duplicate, and immediately after the same has been served, one of the said notices shall be filed with the clerk of the circuit court of the county where said association is located, together with proof of service.
- (b) Give notice to all individuals, partnerships, corporations and associations known to the banking commission to be holding or in possession of any assets of such association.

(c) The banking commission may appoint one or more special deputy commissioners as agent or agents to assist in the duty of liquidation and distribution of the assets of one or more building and loan associations of whose business and property the banking commission shall have taken possession pursuant to the provisions of this chapter. A certificate of such appointment shall be filed in the office of the banking commission and a certified copy in the office of the clerk of the circuit court for the county in which such building and loan association is located. The banking commission may employ such counsel and procure such expert assistance and advice as may be necessary in the liquidation and distribution of the assets of such building and loan associations, and may retain such of the officers or employes of such building and loan associations as they may deem necessary. The special deputy commissioner and assistants shall furnish such security for the faithful discharge of their duties as the banking commission deems proper. Such special deputy commissioner may execute, acknowledge and deliver any and all deeds, assignments, releases or other instruments necessary and proper to effect any sale and transfer or incumbrance of real estate or personal property and may borrow money for use in the liquidation after the same has been approved by the banking commission, and an order obtained from the circuit court of the county in which said association is located, as hereinafter provided.

(d) Upon taking possession of the property and business of such building and loan association, the special deputy commissioner of banking is authorized to collect all moneys due to such building and loan association, and do such other acts as are necessary to conserve its assets and business, and shall proceed to liquidate the affairs thereof as hereinafter provided. He shall collect all debts due and claims belonging to it, and upon a petition approved by the banking commission and upon order of the circuit court of the county in which such association is located, may sell or compound all bad or doubtful debts, or do any act or execute any other necessary instruments and upon like petition and order may sell all the real and personal property of such building and loan association on such terms as the court shall approve. Such special deputy commissioner may, if necessary, enforce individual liability of the stockholders to pay the debts of such corporation.

(e) The banking commission may, in the event of its taking possession of any building and loan association, the shares or share accounts of which are to any extent insured by the federal savings and loan insurance corporation, tender to said corporation the appointment as statutory liquidator of such association. If it does not make such tender it shall tender to said federal savings and loan insurance corporation the appoint-

ment as statutory coliquidator of such association to act jointly with the banking commission, but such coliquidatorship shall not extend over a period of more than one year from the date of such tender, at the expiration of which time the banking commission shall become the sole liquidator except as herein otherwise provided. The commission shall tender to said corporation the appointment as sole statutory liquidator of such association whenever said corporation shall have become subrogated to the rights of at least 90 per cent of the outstanding liability of such association on shares and share accounts; and if in addition said corporation shall have deposited with the clerk of the circuit court for the county in which such association is located shares or share accounts in a local insured association not in default at least equal in amount to the shares and share accounts as to which the corporation has not become subrogated, or if the corporation shall become subrogated as to all the shares and share accounts in such association, it may then exercise all the powers and privileges herein conferred upon it without court order or approval. It shall be the duty of such clerk to accept such deposit for the benefit of the persons entitled to such shares or share accounts.

(f) If said corporation accepts such appointment as sole liquidator it shall have and possess all the powers and privileges given by the laws of this state to the banking commission as statutory liquidator of a possessed building and loan association, as provided in section 215.33 or otherwise, including section 215.116 and be subject to all the duties of the banking commission as such statutory sole liquidator, except in so far as such powers, privileges or duties are in conflict with the provision of any applicable federal laws, and except as herein otherwise provided, unless and until such association shall resume business, pursuant to subsection (11) or subsection (12) of section 215.33. If said corporation accepts such appointment as coliquidator it shall have and possess such powers and privileges equally and jointly with the banking commission and shall be subject to such duties equally and jointly with said commission.

(g) In the event said federal savings and loan insurance corporation shall accept the appointment as such coliquidator or liquidator, it shall file such acceptance with the banking commission and the clerk of the circuit court of the county in which the association is located and it is authorized and empowered to be and act, without bond, as such coliquidator or liquidator. Upon the filing by said federal savings and loan insurance corporation of its acceptance of the appointment as such sole liquidator, the possession of and title to all the assets, business and property of such association of every kind and nature shall pass to and vest in said corporation without the execution of any instruments of conveyance, assignments, transfer or indorsement. Upon the filing by said corporation of its acceptance of the appointment as coliquidator such possession and title shall pass to and be vested in the banking commission and said corporation jointly. In the event said corporation shall not qualify as sole liquidator at or before the time herein provided for the expiration of such coliquidatorship, said corporation shall be wholly divested of and from such joint title and possession and the sole title and possession shall thereupon vest immediately in the banking commission. The vesting of title and the possession of the property and assets of such association, as provided by subsection (8) of section 215.33, shall not render such property or assets subject to any claims or demands against the federal savings and loan insurance corporation, except such as may be incurred by such corporation with respect to such association and its property or assets. Whether or not it shall serve as aforesaid, the federal savings and loan insurance corporation may make loans on the security of or may purchase, with the approval of the court, except as herein otherwise provided, at public or private sale, all or any part of the assets of any association, the shares, share accounts or accounts of which are to any extent insured by it, but in the event of such sale and purchase, said corporation shall bid for and pay a fair and reasonable price.

(h) Whether or not said federal savings and loan insurance corporation shall serve as liquidator of any such association, whenever it shall pay or make available for payment the shares, share accounts or accounts of any such association in liquidation which are insured by it, it shall be subrogated upon the surrender and transfer to it of any such shares, share accounts or accounts, with respect to such shares, share accounts or accounts, but such surrender and transfer shall not affect any right which the transferor may have in any portion of such shares, share accounts or accounts which are not paid or made available for payment or any right to participate in the distribution of the net proceeds remaining from the disposition of the assets of such association; provided, that the rights of the investors and creditors of such association shall be determined in accordance with the applicable provisions of the laws of this state.

(3) NOTICE, ALLOWANCE AND PAYMENT OF CLAIMS. The special deputy commissioner of banking shall cause notice to be given by advertisement in such newspapers as he may direct, weekly, for 3 consecutive weeks, calling on all persons who may have claims against such building and loan association, to present the same to the special deputy

commissioner of banking, and make legal proof thereof at a place and within a time, not earlier than the last day of publication, to be therein specified. He shall mail a similar notice to all persons at their last known address, whose names appear as creditors upon the books of the building and loan association. Proof of service of such notice shall be filed with the clerk of said court. The special deputy commissioner may reject any claim. Any party interested may also file written objections to any claim with the special deputy commissioner of banking and after notice by registered mail of such rejection, said claimant shall be barred unless he commences an action thereon within 3 months. Claims presented after the expiration of the time fixed in the notice to creditors shall be entitled to share in the distribution only to the extent of the assets then in the hands of the special deputy commissioner of banking equitably applicable thereto.

(4) INVENTORY OF ASSETS AND STATEMENT OF LIABILITIES. Upon taking possession of the property and assets of such building and loan association, the special deputy commissioner of banking shall make an inventory of the assets of such building and loan association, in duplicate, one to be filed in the office of the banking commission, and one in the office of the clerk of circuit court for the county in which such building and loan association is located. Upon the expiration of the time fixed for the presentation of claims, the special deputy commissioner of banking shall make in duplicate a full and complete list of the claims presented, including and specifying such claims as have been rejected by him, one to be filed in the office of the banking commission, and one in the office of the clerk of circuit court for the county in which such building and loan association is located. Such inventory and list of claims shall be open at all reasonable times to inspection.

(5) ADJUSTMENT OF LOANS AND WITHDRAWAL VALUE OF SHARES. The value of shares pledged upon a loan to such association shall be applied and credited to such loan and the borrower shall be liable only for the balance. The rate of interest charged upon such balance shall be the legal rate. The value shall be determined in such manner as the banking commission prescribes, and shall be made pursuant to subsections (1) and (3) of section 215.332, or in such other manner as the banking commission may prescribe. Upon the approval of such value by the banking commission and the circuit court of the county in which such building and loan association is located, the book value of each member shall be reduced proportionately. At least 5 days' written notice of such determination of value shall be given to all shareholders of the time and place such value shall be submitted to the circuit court for approval. Should any stockholder or creditor of such association feel aggrieved by any such determination of value, he may at any time within 15 days after the mailing of a notice by the banking commission, addressed to the last known address of such party, giving notice of such determination and value of such shares, appeal to the supreme court. After the creditors of such association shall have been paid, the association, and the members thereof, may avail themselves of the provisions of section 215.116.

(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 banking commission, subject to the approval of the circuit court for the county in which such building and loan association is located, and shall upon the certificate of the banking commission be paid out of the funds of such building and loan association. Expenses of supervision and liquidation shall include the cost of the service rendered by the building and loan division of the banking department to the building and loan association being liquidated and shall be determined from time to time by the banking commission and shall be paid to the banking department from the assets of the building and loan association as other expenses of liquidation are paid. The moneys collected by the special deputy commissioner of banking shall be from time to time deposited in one or more state banks, and, in case of the suspension or insolvency of the depository, such deposits shall be preferred before all other deposits.

(7) DIVIDENDS. At any time after the expiration of the date fixed for the presentation of claims, the special deputy commissioner of banking in charge of the liquidation of such building and loan association may, upon a petition approved by the banking commission and an order of the circuit court of the county in which such building and loan association is located, out of the funds remaining, after the payment of expenses and debts, declare one or more dividends, and may declare a final dividend, such dividend to be paid to such persons, and in such amounts as may be directed by the circuit court.

(8) TITLE PASSES TO BANKING COMMISSION. Immediately upon filing the notice as provided for in subsection (2) of section 215.33, the possession of all assets and property of such building and loan association of every kind and nature, wheresoever situated, shall be deemed to be transferred from such association to, and assumed by the banking commission; and filing of the notice mentioned herein, shall of itself, and without the execution or delivery of any instruments of conveyance, assignment, transfer or indorsement, vest

the title to all such assets and property in the banking commission. Such filing shall also operate as a bar to any attachment, garnishment, execution or other legal proceedings against such building and loan association, or its assets and property, or its liabilities.

(9) **EFFECT OF POSSESSION.** No building and loan association shall have a lien, or charge for any payment, advance or clearance made, or liability thereafter incurred, against any of the assets of the building and loan association of whose property and business the banking commission shall have taken possession.

(10) **APPEAL.** Whenever any such building and loan association whose property and business the banking commission has taken possession of, as aforesaid, deems itself aggrieved thereby, it may, at any time within ten days after such taking, apply to the circuit court of Dane county to enjoin further proceedings; and said court after citing the banking commission to show cause why further proceedings should not be enjoined and hearing all allegations and proofs of the parties and determining the facts, may, upon the merits dismiss such application or enjoin the banking commission from further proceedings, and direct it to surrender such business and property to such building and loan association.

(11) **REINSTATEMENT.** Whenever the banking commission shall have taken over the possession and control of the business and property of any building and loan association, the same may resume business when and if:

(a) The owners of at least two-thirds of such association's dollar value of outstanding shares, execute a petition to such effect, the form of which shall be prescribed by the banking commission, and

(b) There is submitted to the banking commission by such shareholders or a committee duly selected by them, a plan for the reorganization and reinstatement of such association, and

(c) The banking commission recommends that control of the business and property of such association be returned to the shareholders, and

(d) The court in which such liquidation is pending, upon application of the banking commission, makes an order approving the banking commission recommendations, which order shall contain a finding that such association will be in a safe and sound condition when control is resumed by the shareholders.

(12) **REINSTATEMENT UPON RESTRICTED BASIS.** Such building and loan association may also resume business upon a restricted basis, and upon such limitations and conditions as may be prescribed by the banking commission when approved by the circuit court in and for the county in which such building and loan association is located, upon application of the banking commission. Such restrictions and conditions may include, among others, a prohibition against the selling of new shares, reasonable restrictions upon withdrawals and the payment of other liabilities. Such association shall thereupon be relieved from the control and supervision of the banking commission as provided in this section, but nothing herein shall, in any manner, prohibit the banking commission from again proceeding against such association as provided herein.

(13) **LIQUIDATING DIVIDENDS AND UNCLAIMED FUNDS.** (a) Unclaimed liquidating dividends and unclaimed funds remaining unpaid in the hands of the special deputy commissioner of banking for six months after the order for final distribution shall be by him deposited in one or more state banks, to the credit of the banking commission in its name, in trust for the several shareholders and creditors. The banking commission shall include in its annual report to the governor the names of building and loan associations so taken possession of and liquidated, and the sums of unclaimed and unpaid liquidating dividends and unclaimed funds with respect to each of them respectively, including a statement of interest earned upon such funds.

(b) The banking commission may pay over the moneys so held by it to the persons respectively entitled thereto, upon being furnished satisfactory evidence of their right to the same. In case of doubt or conflicting claims, it may require an order of the circuit court authorizing and directing the payment thereof. It may apply the interest earned by the moneys so held by it towards defraying the expenses in the payment and distribution of such unclaimed liquidating dividends and funds to the stockholders and creditors entitled to receive the same. [*Spl. S. 1931 c. 23 s. 3; 1933 c. 250 s. 1; 1933 c. 363 s. 1; 1937 c. 236; 1939 c. 221; 1941 c. 320*]

Note: Subsection (8) (Stats. 1935) creates no preference in favor of funds collected and deposited by officers of building and loan association in voluntary liquidation, 20 Atty. Gen. 1257.

Banking commission may insure properties of delinquent building and loan associations held by it in mutual insurance companies. Members of commission are not

personally liable for any assessments or contingent liabilities existing by reason of such insurance. Standard mortgage clause grants option to mortgagee to pay premiums or assessments, and mortgagee is not bound to pay them. Liability for premiums or assessments on part of mortgagee may be defined by express provisions of mortgage clause. 29 Atty. Gen. 430.

215.331 Voluntary liquidation. (1) Any association organized or doing business under the provisions of this chapter may go into liquidation or may dissolve by a two-

thirds vote of all its outstanding authorized capital stock at a stockholders' meeting held especially for that purpose after notice to each stockholder of not less than thirty days. Whenever an association has so voted to go into liquidation or to dissolve, it shall be the duty of the board of directors to cause notice of this fact to be certified, under the seal of the association by its president and secretary, to the banking commission, and to cause notice thereof to be published once each week for three successive weeks in a newspaper published in the village, city or county in which the association is located, and if no newspaper is there published, then in a newspaper published at the nearest county seat, calling on all persons who may have claims against such association to present them to the association and make legal proof thereof at a place and within a time, not earlier than the last date of publication, to be therein specified, and to mail a similar notice to all persons whose names appear as creditors on its books.

(2) Any association so liquidating shall sell, transfer, assign or otherwise dispose of all of its mortgages, securities or other property within ten years from the date of liquidation or dissolution unless the banking commission shall otherwise order. The board of directors shall remain a body corporate until the association is fully liquidated.

(3) Any association so liquidating shall be subject to the provisions of sections 215.312 and 215.32 in the same manner as an association in actual operation.

(4) Such association may, with the approval of the banking commission, resume business upon such conditions as may be approved by it.

(5) Any association in the process of voluntary liquidation, may adopt the plan provided in section 215.332 in the following manner:

(a) Upon the signing of a petition, the form of which shall be prescribed by the banking commission, by shareholders owning at least 60 per cent of the dollar value of the outstanding shares of such association, in which petition such shareholders agree to the reinstatement of such association upon the plan provided in section 215.332, such banking commission shall order the holding of a special meeting of such shareholders. There shall be submitted at such special meeting a resolution, the form of which shall be prescribed by the banking commission, rescinding the former action of such shareholders placing such association in voluntary liquidation. Such resolution shall be deemed to have been adopted if the vote in its favor is at least equal to that which adopted the resolution placing such association in voluntary liquidation. If, in addition to the foregoing resolution, such shareholders, by a majority vote of the dollar value of shares outstanding, adopt a further resolution, the form of which shall have first been approved by the banking commission, providing that the association be operated as provided in section 215.332, such association will be deemed to be reinstated. Upon such reinstatement the shareholders shall fill all vacancies in the board of directors in accordance with the by-laws. Such directors shall forthwith proceed to appoint the appraisers as provided in subsection (1) of section 215.332, and operate the association as provided therein. Voting by proxy shall be permitted at all meetings of shareholders as provided for in subsection (2) of section 215.20, but such proxies can be held and voted by members only.

(b) Nothing contained in this section shall prohibit the banking commission from proceeding against any association as provided in section 215.33.

(6) In case of a vacancy on the board of directors caused by death, resignation or otherwise, the remaining members of the board may fill the vacancy by electing from among the members of the association a director to fill the vacancy. [1937 c. 236; 1939 c. 240; 1941 c. 320]

215.332 Readjustment in other cases. (1) Whenever from an examination or report, it shall appear to the banking commission that the capital of any association is impaired, or may in the near future become impaired, the banking commission may, with the approval of the building and loan advisory committee, issue an order to such association, requiring the directors to forthwith appoint subject to the approval of the banking commission 3 competent persons, not members of such association, who shall appraise such property owned by, or upon which such association has a mortgage loan or judgment, as the banking commission shall designate. The appraisers so appointed and approved shall appraise and fix the current market value of all such property as aforesaid and report their findings to the banking commission and the directors. The value as found by such appraisers shall be the value from which all losses shall be determined.

(2) Whenever the banking commission shall find that the losses existing, or which it may reasonably be anticipated will be sustained in the near future, are more than two-thirds of the amount in the contingent fund of the association, it may, with the approval of the advisory committee, issue an order to such association, which order shall provide that no further dividends be credited or paid and no moneys paid out for retiring shares, whether noticed for withdrawal or whether the shares shall have matured, until the banking commission shall otherwise order.

(3) After the banking commission shall have determined the losses existing or which it shall determine may reasonably be sustained in the near future, it shall issue an order providing that the book value of each share be depreciated as stated in such order, the officers shall forthwith proceed to depreciate the book value of all shares as ordered. A record shall be made on the books showing the amount by which the book value of the shares was depreciated, and a copy of such record shall be filed with the banking commission.

(4) Any borrowing member may, after the book value of his shares shall have been depreciated as provided in subsection (3) of this section, pay to the association the difference between the withdrawal value of his shares as depreciated, and the amount due on his mortgage loan, and his mortgage and other securities shall thereupon be released.

(5) The directors may, with the approval of the banking commission, make stock loans to members upon such terms and conditions as the banking commission may order, but such stock loans shall be for provident purposes only and not more than one hundred dollars shall be loaned to any one member in any one month.

(6) The directors shall give notice by mail to each member, stating in such notice that the book value of his shares has been depreciated, the date when such book value was depreciated, and the book value of his shares after such depreciation. The mailing of such notice to the last known place of abode as shown on the records of the association shall be a compliance with this subsection.

(7) The directors may, with the approval of the banking commission, sell, lease, transfer, exchange and convey any of the property of the association, and upon their order the proper officers shall execute and deliver such deeds, leases, assignments, bills of sale and such other transfers and conveyances as are necessary to dispose of such property as herein provided.

(8) The directors may compromise and settle any claim, demand or judgment which is a part of the assets of the association, but no compromise of any claim, demand or judgment shall be made except upon express consent of the banking commission.

(9) The banking commission shall prescribe reasonable rules and regulations not inconsistent with laws for the operation of associations operating as provided in this section.

(10) Except as otherwise provided in this section, such association shall be operated as provided in this chapter.

(11) The directors shall make no disbursements or contract to make disbursements for salaries, compensation, fees or any other item of expense, nor retire shares, nor pay or declare dividends during the time such association is operating as provided in this section without the approval of the banking commission. [1937 c. 236; 1941 c. 320]

215.335 Consolidation of associations. (1) Any association may absorb any other association located in the same county, which is in good faith winding up its business for the purpose of being absorbed by some other local association, and may transfer its resources and liabilities to the association with which it is in process of consolidation; but no association may absorb any other association without the consent of the banking commission, and not then to defeat or defraud any of its creditors in the collection of their debts against such association or either of them.

(2) Whenever 2 associations, with the approval of the banking commission, shall by a majority vote of the board of directors of each such association propose to consolidate and such proposed consolidation be ratified and confirmed by the affirmative vote of the shareholders of each such association owning at least two-thirds of the dollar value of its shares outstanding, at a meeting of such shareholders to be held on call of the directors, after sending notice of the time, place and object of the meeting to each shareholder of record by registered mail at least 30 days prior to said meeting.

(3) The association consolidating with another association under the provisions of the preceding subsections shall not be required to go into liquidation but its assets and liabilities shall be reported by the association with which it has consolidated, and all the rights, franchises and interests of said association so consolidated in and to any species of property, personal and mixed, and choses in action thereto belonging, shall be deemed to be transferred, and the said consolidated association shall hold and enjoy the same and all rights of property, franchises and interest in the same manner and to the same extent as was held and enjoyed by the association so consolidated therewith; and the members or shareholders of such absorbed association shall without any further act on their part be members and shareholders of such consolidated association and be subject to all rights, privileges and duties as provided for in the by-laws of the association which has so absorbed their association.

(4) Any member or shareholder of the association which has been absorbed who shall intend to withdraw his unpledged shares within one year after the date of approval of the consolidation by the banking commission may do so by giving ninety days' written

notice of such intention, and his shares shall be withdrawn and retired as provided in section 215.11; any member or shareholder who shall have given such notice of withdrawal as provided for in this subsection, shall remain such member or shareholder and be subject to all rights, privileges and duties as provided for in this chapter and the by-laws, rules and regulations of such consolidated association until the withdrawal value of his shares shall have been paid to him and his certificate of shares canceled by the association. [1931 c. 217; 1937 c. 284 s. 3; 1941 c. 320]

215.336 [Repealed by 1937 c. 236]

215.337 Removal of officers and directors. The provisions of subsection (4) of section 220.04 relating to the removal of officers and directors of banks shall apply to officers and directors of building and loan associations and they may be removed for like cause and in the manner provided in such section. The commission may appoint from among the shareholders of such association any shareholder to fill the vacancies caused by removal of officers or directors, the shareholder so appointed shall hold office until the next meeting of the shareholders. [1933 c. 250 s. 2; 1937 c. 284 s. 3]

215.34 Building and loan bookkeeping; banking commission may prescribe. Whenever it shall appear to the banking commission that any building and loan association operating in this state does not keep books and accounts in such manner as to enable it to readily ascertain the true condition of such building and loan association, it shall have the power to require the officers of such association or any of them to open and keep such books or accounts as it may in its discretion determine and prescribe for the purpose of keeping accurate and convenient records of the transactions and accounts of such association. [1937 c. 284 s. 3]

215.35 Forfeiture for failure to obey commission. Any building and loan association that refuses or neglects to open and keep such books or accounts as may be prescribed by the banking commission, shall be subject, at the discretion of the banking commission, to a forfeiture of ten dollars for each day it neglects and fails to open and keep such prescribed books and accounts. Whenever any building and loan association fails or refuses to pay the forfeiture hereunder imposed for failure to open and keep such books or accounts, the banking commission is hereby authorized to institute proceedings for the recovery of such forfeiture. [1937 c. 284 s. 3]

215.355 Complaints; petition; hearing; order. (1) Whenever any person, firm or corporation shall file with the commission a petition stating that the association named in such petition refuses or neglects to pay its notes or evidences of debts on demand, or is unable to pay such debts, or whenever not less than twenty-five members of an association shall file with the commission a petition stating that the association named in such petition, or the officers or directors of such association, neglect to or refuse to retire shares as provided in this chapter, or shall state that the officers or directors are conducting the business of the association in an unsafe or unauthorized manner, or that by the acts or negligence of the officers or directors the funds or assets of the association are or may become impaired, the commission shall within ten days after receipt of such petition proceed to hear such petition. A copy of such petition shall be mailed or delivered to the association named in such petition at least three days before the date of hearing. Not less than three days before the date of hearing a notice shall be mailed or delivered to the association and the party petitioning, which notice shall state the date, time and place for the holding of such hearing.

(2) At the time and place fixed in such notice (unless by stipulation some other time and place is fixed) the commission shall hear all parties interested and shall cause the testimony given to be reduced to writing, or it may designate some person employed or connected with its department to take testimony and hear the petition, and such person so designated shall cause all testimony to be reduced to writing and filed with the commission.

(3) The commission shall within a reasonable time make findings as to all matters contained in such petition and make such order as it shall deem just and reasonable.

(4) Any party aggrieved by such findings or order, may, within ten days from the date of such findings or order, bring an action in any court of proper jurisdiction to review the record, findings and order, and the practices, procedure and trial shall be the same as provided by law and court rules in cases of review of records, findings and order of public officers or boards.

(5) The findings and order of the commission shall be final except as ordered modified by the court.

(6) Chapter 286 shall not apply to local associations or corporations organized and doing business as provided in this chapter. [1933 c. 250 s. 2; 1933 c. 372 s. 2; 1937 c. 284 s. 3]

215.36, 215.365 [Repealed by 1937 c. 236]

215.37 Examiners' report. Said banking commission shall annually, at the earliest practicable date after the reports are received, make a report to the governor of the

general conduct and condition of all building and loan associations doing business in this state, including a detailed report of all income and disbursements of such companies and the salaries and commissions of all officers, directors and employes, arranged in tabular form, together with such suggestions as it may deem expedient. Such number of copies of this report shall be printed as it may direct, and such number of copies as it may designate shall be cloth bound; each association shall be entitled to one copy, the remainder to be for general distribution. [1931 c. 292 s. 3; 1935 c. 435; 1937 c. 284 s. 3]

215.38 Deposit. No foreign building and loan association and no foreign association or corporation representing itself to be a building and loan association or doing business on the building-society plan, and no association or corporation organized under the laws of any other state or territory and doing business in the manner provided for mutual loan and building associations by this chapter shall issue its shares, receive moneys or transact any business in this state unless such association shall have and keep on deposit with the state treasurer, in trust for the benefit and security of all its members in this state, five hundred thousand dollars to be held in trust as aforesaid until all shares of such association held by residents of this state shall have been fully redeemed and paid off and until its contracts and obligations to persons and members residing in this state shall have been fully performed and discharged; the securities comprising such deposit shall first be approved by the banking commission under the same rules and regulations governing the approval of securities of trust company banks; and upon such deposit being made the state treasurer shall issue a certificate therefor, and thereupon the banking commission may issue its certificate of authority to said association to transact business in this state. [1931 c. 171 s. 2; 1937 c. 284 s. 3]

Note: Investment portion of employer's plan for payment of unemployment benefits held not invalid as against contention that investment company cannot pledge general assets for particular security of only employer's income reserve contract. State ex rel. Rohn Shoe Mfg. Co. v. Industrial Commission, 217 W 138, 258 NW 449.

Deposit with state treasurer by foreign building and loan association pursuant to this section may be held for exclusive benefit of Wisconsin creditors in event of federal receivership. 27 Atty. Gen. 56.

215.39 Same. The deposit to be made with the state treasurer by any foreign association may consist of bonds or treasury notes of the United States, or bonds of this state or any city, town or county of this state, having authority to issue the same. All interest which may accrue on securities held by the state treasurer may be collected and retained by the association depositing such securities so long as such association remains solvent and performs all contracts with its members. Any securities on deposit as provided herein, if approved by the banking commission, may from time to time be withdrawn if others of equal value and of the character named in this section are substituted therefor. If any such securities shall depreciate in value new ones must be added, so that the deposit may at all times be kept good and of the value of five hundred thousand dollars, and it shall be the duty of the banking commission to revoke the certificate of authority of any such association whenever there exists an impairment of such deposit for a period of more than thirty days after due notice to the association given by such commission. [1937 c. 284 s. 3]

Note: Securities deposited with state treasurer by foreign investment association are to be valued at actual or market value in ascertaining whether required amount is on deposit. 20 Atty. Gen. 588.

215.395 Increase of deposit. Whenever the commission shall find that the liability of any foreign building and loan association or any foreign investment association on shares or contracts then outstanding or contracted for by members or persons residing in this state, exceeds ninety per cent of the amount of the deposit required by section 215.38 and section 215.39, or exceeds ninety per cent of the amount of the deposit required by such sections and by any order issued under the authority of this section, exclusive in each case, however, of any such liability under any agreement existing, created, regulated or required by the industrial commission under chapter 108 or by any other department, commission or division of state government under any other provision of law, the commission shall issue an order to such association or corporation requiring such association or corporation to deposit within thirty days with the state treasurer, an additional amount in cash or securities of the class mentioned in section 215.39, or such other securities as the commission shall require and approve. If such order is not complied with within thirty days, the commission shall revoke the certificate of authority issued to such association or corporation. [1935 c. 370]

215.40 License. No foreign building and loan association shall do business in this state without having first paid the fees prescribed in this chapter and obtained from the state treasurer a certificate that the deposit required by this chapter has been made, and from the banking commission a certificate of authority or license authorizing it to do

business in this state, stating that such association has complied with all the provisions of this chapter; and such certificate shall be in force one year unless sooner revoked, and shall be renewed from year to year, and unless so renewed and continued in force such association shall not do business in this state. [1937 c. 284 s. 3]

215.41 Conditions precedent. Every foreign building and loan association, before commencing to do business in this state, shall:

(1) File with the banking commission a duly authenticated copy of its charter or articles of incorporation and by-laws, of its certificates of shares and of all printed matter issued by it.

(2) File with the banking commission a certificate of the state officer having charge and supervision of such associations in the state in which incorporated, certifying that such association is legally incorporated and authorized to transact business, and that similar associations incorporated under the laws of this state are permitted and licensed to transact business in such state.

(3) Pay to the banking commission one hundred dollars for filing the papers mentioned in this section. Before granting a license to any such association organized or incorporated under the laws of any other state or foreign government in shall require that every such association shall file in writing an appointment of the banking commission or its successor in office as the attorney upon whom any summons, notice or process of any court of this state may be served and stipulate that service of any such summons, notice or process upon such attorney, in any action brought upon any cause of action arising out of any business or transaction in this state, shall be accepted irrevocably as a valid service upon such association, and copies of said appointment, certified by the banking commission, shall be deemed sufficient evidence of its authority to accept service as the attorney on behalf of any such association. Each such association shall agree, in such appointment of attorney, that the license granted by the banking commission shall cease and be revoked in case such association shall remove or make application to remove into any court of the United States any action or proceeding commenced in any court of this state upon a claim or cause of action arising out of any business or transaction done in this state, and it shall be the imperative duty of the banking commission to revoke any and every authority, license or certificate granted to any such association violating the provisions of this section, and no such association shall have its license or certificate of authority renewed for three years after such revocation, and shall agree that in the event of revocation of license such appointment of the banking commission shall continue for the purpose of serving process for beginning actions upon any certificate of stock or liability incurred or contracted in this state while it transacted business therein, so long as any liability shall exist. When legal process against any such association is served upon the banking commission, it shall immediately notify the association of such service by letter and inclose a copy of the process served on it to said association or to any person designated by the officers thereof in writing. The plaintiff, for each process so served, shall pay to the banking commission, or, at the time of such service, a fee of two dollars, which shall be recovered by the plaintiff as a part of the taxable costs if it prevail in the suit. The banking commission shall keep a record of all process served on it, which record shall show the day and hour when such service was so made, and all the fees received by it on account of the service of such process shall be paid into the state treasury. [1937 c. 284 s. 3]

215.412 False statement in loan applications; penalty. Any person who shall, directly or indirectly, make, or cause to be made, any false signed statement, in any application to any building and loan association for a loan, with intent to mislead, or which may mislead, the officers of such association as to the value of the alterations, improvements or repairs to be made on buildings situated on, or to be constructed upon, the real estate described in such application; or make or cause to be made any false statement as to his financial condition or income, shall be punished by imprisonment in the county jail not more than six months or by a fine not exceeding five hundred dollars. [1933 c. 372 s. 3]

215.42 Retaliatory taxes, etc. When, by the laws of any other state or territory, any taxes, fines, penalties, licenses, fees, deposits, money, securities or other obligations or prohibitions are imposed on building and loan associations of this state doing business in such other state or territory or upon their agents therein, so long as such laws continue in force, the same obligations and prohibitions, of whatever kind, shall be imposed upon all building and loan associations of such other state or territory doing business in this state and upon their agents here.

215.43 Definitions. The name "building and loan association," as used in this chapter, shall include all societies, organizations or associations doing a mutual saving and loan or investment business on the local mutual building association plan, whether issuing certificates of stock or bonds, or any other evidences of indebtedness, whether the

time of maturity be fixed or not. The word "commission" as used in this chapter, shall mean the "banking commission." The word "supervisor" shall mean the "building and loan supervisor." The words "book value" shall mean the amount standing to the credit of any member's shares upon the books of the association. The words "withdrawal value" shall mean the book value of shares less the losses existing, or which may reasonably be anticipated by the directors will be sustained in the near future, the amount due for interest, advances made for taxes, insurance or any other charges, withdrawal fees and forfeitures, as the by-laws of such association may provide. [1931 c. 171 s. 2; Spl. S. 1931 c. 23 s. 2; 1933 c. 372 s. 2; 1937 c. 284 s. 3]

215.44 Examination; fees. The banking commission, before granting a license, shall examine or cause to be examined every foreign building and loan association applying for permission to transact business in this state, and every such association shall pay the actual cost of making such examinations and shall make such annual report as is required of local associations, comply with all laws applicable to such associations, and be subject to the same penalties. [1937 c. 284 s. 3]

Note: Securities of foreign corporation exempt from operation of blue sky law. 19 admitted to do business in this state on Atty. Gen. 339. building and loan association plan are ex-

215.45 Agents; fee. No person shall act as the agent or representative of any foreign building and loan association until after he shall, at the request of such association, have procured from the banking commission a license reciting the fact that such association is authorized and licensed to transact business in this state and has complied with all lawful requirements. The fee for such license shall be twenty-five dollars, and the license shall continue in force, unless sooner revoked by the commission, during and until the close of the fiscal year of the association. [1937 c. 284 s. 3]

215.46 Withdrawing securities. Any foreign building and loan association, having made the deposit of securities required by this chapter, and desiring to withdraw the same, or any of them without depositing securities of like character and amount, or desiring to discontinue its business or withdraw from the state, may do so by complying with the following provisions: File with the banking commission a statement reciting the reasons for desiring to withdraw such securities and the amount to be withdrawn; and the commission shall thereupon examine such association and determine the amount of its liabilities on account of all agreements or contracts outstanding with residents of this state, and if convinced that the interests of such residents will not be injured or jeopardized by such withdrawal shall cause to be published in three newspapers in this state for three weeks, at the expense of the association, notice of such request for the withdrawal of such securities, and if no written objection is filed by any resident of this state holding any share, certificate, bond or other evidence of indebtedness of or against such association within one week after the last date of the publication of such request the banking commission shall issue a certificate certifying to the state treasurer the amount of liabilities, if any, existing in this state and the amount of securities such association shall be permitted to withdraw, and upon filing a receipt for such amount the association shall be permitted to withdraw the same; provided, that there shall remain at all times a sufficient deposit to protect residents of this state holding shares, certificates, bonds or other evidences of indebtedness of or against such association and that such deposit shall decrease only as the liabilities of such association decrease on account of such residents. [1937 c. 284 s. 3]

215.47 Receivership. It shall be the duty of the banking commission upon evidence furnished to him that any foreign building and loan association authorized to transact business in this state has failed or refused to pay any final judgment rendered against it in any court of this state, to take such steps as may be necessary to secure the appointment of a receiver therefor. All expenses incurred by the commission in carrying out the provisions of this section, when certified to the secretary of state as actually necessary, shall be paid out of the general fund, and charged to the appropriation to the banking department. [1937 c. 284 s. 3]

215.48 Building and loan advisory committee; appeal board. (1) There is hereby established in the banking department a committee to be known as the "Building and Loan Advisory Committee" consisting of seven members which shall have such powers and perform such duties as are prescribed by law.

(2) The seven members of the building and loan advisory committee shall be appointed by the governor with the advice and consent of the senate. All members of the committee shall have at least ten years' experience in the building and loan business in this state. There shall be appointed by the governor one member whose term shall expire on the first Monday of July, 1934, two to expire on the first Monday of July, 1935, two to expire on the first Monday of July, 1936, two to expire on the first Monday of July,

1937. After the expiration of these respective terms the terms of each member of said committee shall be four years, expiring on the first Monday of July of the proper year in each case. Vacancies shall be filled by appointment by the governor.

(3) The members of said committee shall receive reimbursement from the state for their actual expenses as in case of other state officers.

(4) The duties of such committee shall be to advise with the commission and supervisor (or either of them) and others in respect to improvement in the condition and service of building and loan associations in this state, and to serve as an appeal board for building and loan associations as provided by section 215.04 of the statutes with the same procedure and powers as the banking review board has with respect to the incorporation of state banks under chapter 220 of the statutes. Each member of the committee, the supervisor and all employes of the banking commission (building and loan division) shall, with respect to the disclosure of information concerning building and loan associations, be subject to the same requirements and penalties as the commission. Four members of the committee shall constitute a quorum, and a majority shall decide. No member of the committee shall be qualified to act in any matter involving the association of which he is an officer or director.

(5) The advisory committee shall meet during the month of July of each year and elect one of its members as chairman and one as vice chairman. They shall appoint one of the employes of the (building and loan division) banking department as secretary, shall adopt rules and regulations for holding and conducting meetings, for holding, hearing and conducting examinations and other matters, and shall keep a record of all matters transpiring at their meetings. Such record shall contain all motions, by whom made and seconded, and each member's vote on each question. The commission may submit questions and matters pertaining to building and loan associations to such committee and they shall act promptly upon all such matters and questions.

(6) The commission may appoint one or more members of the committee to examine and look into the matters of any association and require a report and findings upon such examination. The committee may upon its own motion with the affirmative vote of at least five members, appoint one or more of its members to examine any association and submit its findings and report to the committee and commission; the committee shall thereupon make recommendations to the commission as to the report and findings of its members who shall have examined an association.

(7) Any member of the committee who shall have been appointed as provided in subsection (2) of this section, shall have the same powers and duties in making examinations as have the examiners provided for in this chapter. [1933 c. 250 s. 2; 1933 c. 372 s. 3; 1937 c. 284 s. 3; 1941 c. 320]

215.49 Action to revoke charter or permit. Whenever it shall come to the knowledge of the commission that any association or corporation which has received a charter or permit to do business in this state, as provided in this chapter, is conducting its business in violation of, or contrary to, any of the provisions of this chapter, the commission shall report such facts to the attorney-general who may bring an action to have the charter or permit of such association or corporation revoked. [1933 c. 372 s. 3; 1937 c. 284 s. 3]

215.50 Building and loan finance corporation. (1) BUILDING AND LOAN FINANCE CORPORATION; INCORPORATION; ORGANIZATION CERTIFICATE. When authorized by the commission, who shall determine the necessity therefor, ten or more associations, the aggregate resources of which shall not be less than five million dollars, may form a building and loan finance corporation. Each of such associations shall subscribe, acknowledge and submit to the commission an organization certificate in duplicate which shall specifically state:

- (a) The name which shall contain the words "Building and Loan Finance Corporation."
- (b) The place in the state where its business is to be transacted.
- (c) The number of shares for which each association has subscribed, which shall amount in the aggregate to not less than ten thousand dollars.
- (d) The number of directors of such building and loan finance corporation, which shall not be less than nine, and the names of the persons who shall be its directors until the first annual meeting. The certificate shall recite that the director possess the qualifications specified in subsection (10) of this section.

(e) The name and location of the business office of each building and loan association subscribing the certificate and the aggregate resources of each such association.

(2) PROPOSED BY-LAWS. The incorporators shall subscribe and acknowledge and submit to the banking commission proposed by-laws in duplicate, which shall prescribe the manner in which the business of such building and loan finance corporation shall be conducted with reference to the following matters:

- (a) The date during the month of January of the annual meeting of shareholders; the manner of calling special meetings, and the number of members which shall constitute a quorum.

(b) The number and qualifications of directors, subject to the provisions of subsection (10) of this section; the method of division into classes for the purpose of electing, as nearly as may be, an equal number of directors each year; the removal or suspension of directors; the filling of vacancies in the board of directors, and the number of directors which shall constitute a quorum, which shall not be less than five.

(c) The meetings, powers and duties of directors; the appointment or election of appraisal, supervisory and auditing committees.

(d) The officers; the manner of their election; their terms of office, duties and compensation; and the bonds which shall be required of officers who have the custody or possession of money; securities or property of the building and loan finance corporation.

(e) The annual commission that may be charged each member, subject to the limitations of subsection (9) of this section.

(f) The transfer of membership, subject to the limitations of subsection (8) of this section.

(g) The manner in which the by-laws may be altered or amended.

(3) **WHEN CORPORATE EXISTENCE BEGINS; CONDITIONS PRECEDENT TO COMMENCING BUSINESS.** When the banking commission shall have indorsed its approval on the organization certificate, the corporate existence of the building and loan finance corporation shall begin and it shall then have power to elect officers and transact such other business as relates to its organization; but such building and loan finance corporation shall transact no other business until:

(a) Subscriptions to its shares aggregating one hundred thousand dollars shall have been paid in cash and an affidavit stating that such subscriptions have been so paid, subscribed and sworn to by its two principal officers, shall have been filed with the secretary of state and a certified copy thereof in the office of the banking commission.

(b) The banking commission shall have duly issued to it an authorization certificate.

(4) **GENERAL POWERS.** In addition to the powers conferred by the general corporation law, a building and loan finance corporation shall, subject to the restriction and limitations contained herein and in its by-laws, have the following powers:

(a) To borrow money, and issue its evidences of indebtedness therefor.

(b) To issue, sell, redeem and refund unsecured notes, secured notes, bonds and debentures, and for any such purpose, to assign or pledge any association securities held by it.

(c) 1. To loan money to its member associations on their secured or unsecured notes.

2. Loans to member associations shall not run for a longer period than ten years; nor shall the total amount borrowed by a member association, whether borrowed from the building and loan finance corporation or elsewhere, exceed two-fifths of the assets of such member association. The provisions of subsection (2) of section 215.07 shall not apply to loans made to member associations.

3. To secure the payment of any loan from a building and loan finance corporation, a member association:

a. May assign to or pledge with the building and loan finance corporation any bond and shareholder mortgage or any association land contract owned and held by the member association, and

b. May execute and deliver to the building and loan finance corporation, an association mortgage or association trust deed on any association real estate owned by the member association. A building and loan finance corporation shall have the right to assign or pledge such association securities as provided in paragraph (b) of this subsection.

(d) To authorize such member associations as agents of the building and loan finance corporation to collect and immediately pay over to the building and loan finance corporation the dues, interest and other sums payable under the terms, conditions and covenants of its pledged or assigned bond and shareholders' mortgages or, prior to a default upon any such bond and mortgage and when adequate security has been given to the building and loan finance corporation by any such member association, to retain such collections until a payment to the building and loan finance corporation from such member association becomes due; to return to, or permit such member associations to retain any sums of money so collected in excess of the amount required to meet the obligations of such associations respectively.

(e) 1. Upon any default by a member association in the payment of all or part of the principal or all or part of the interest when due to the building and loan finance corporation:

a. To declare, at its option, all sums owing to it from the member association to be due and payable at once; and

b. In addition to all remedies granted by law, to sell at public sale on ten days' notice all bonds and shareholders' mortgages and association land contracts assigned or pledged,

to it by the member association, to become a purchaser at such sale, and after such purchase to liquidate, refinance or continue such bonds and shareholders' mortgages and association land contracts to maturity; and

e. In addition to all remedies granted by law, to enforce and foreclose any association mortgage and association trust deed executed to it by such member association, to have a receiver appointed forthwith for the real estate described in such mortgages and trust deeds, and to become a purchaser of such real estate at any foreclosure sale thereof;

2. If any of the association securities referred to in the preceding paragraph are assigned to or pledged with the commission, the consent of the commission to the sale or foreclosure thereof shall first be had, whereupon such sale or suit may be had or maintained in the name of the building and loan finance corporation.

(f) To invest its capital and other funds and moneys in the manner provided for the investment of trust funds.

(g) To purchase in its own name, hold and convey real property for the following purposes and no others:

1. A plot whereon there is or may be erected a building suitable for the convenient transaction of its business, from portions of which, not required for its own use, a revenue may be derived.

2. Such as shall be mortgaged to it in good faith, by way of security for loans made by it or moneys due to it.

3. Such as shall be conveyed to it for debts previously contracted in the course of its business, and such as it shall purchase at sales under judgments, decrees or mortgages held by it.

(h) To designate as depositories of its funds any 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.

(i) To borrow money from the state teachers' retirement fund, the state insurance fund, and from any other state investment fund, and any association.

(5) RESTRICTIONS UPON THE POWERS OF THE BUILDING AND LOAN FINANCE CORPORATION. A building and loan finance corporation shall not:

(a) Do a general deposit business.

(b) Invest its capital and other funds in bonds secured by first mortgages on real estate if the amount secured by any such mortgage is in excess of seventy-five per centum of the appraised value of such real estate.

(c) Invest more than twenty-five per centum of its surplus in real estate occupied, or to be occupied, by it for office purposes, without the written approval of the commission.

(6) DEBENTURES. (a) Subject to the limitation of paragraph (a) of subsection (4) hereof, a building and loan finance corporation may issue its debentures in series of not less than ten thousand dollars upon assigning to and pledging with the commission as trustee for the holders thereof, any or all of its corporation securities.

(b) Only such securities as are first liens on the real estate described therein shall be assigned or pledged.

(c) The building and loan finance corporation shall at all times maintain on assignment or pledge with the commission, corporation securities of the kind herein described on which the aggregate unpaid balance shall exceed the aggregate face value of the debentures issued against such securities in such proportion or proportions as the commission shall from time to time determine except that the excess shall never be less than fifty nor more than one hundred per cent.

(d) The commission shall permit the withdrawal and substitution of such corporation securities under such reasonable rules as it shall from time to time establish, provided always that the required excess of corporation securities shall be maintained.

(e) The amortization payments upon all mortgages accepted by the building and loan finance corporation as collateral security for bonds shall be sufficient to liquidate the debt in a period not exceeding twenty years.

(f) In the event of any default for more than ninety days in the payment of the principal of, or for more than ninety days in the payment of any instalment of interest upon, any of said debentures, or the failure for five days after notice to maintain the required excess of corporation securities, the commission may, of its own motion, and shall, upon the request in writing of the holders of said debentures in default to the amount of ten thousand dollars, forthwith take possession of and proceed to liquidate such defaulting building and loan finance corporation. Upon such liquidation the commission shall be entitled in the name of the building and loan finance corporation to enforce all of its rights and securities and to collect and realize upon all of its assets, including all securities assigned to the said building and loan finance corporation by the several member associations, and deposited with the commission, up to the amounts advanced by the building and loan finance corporation to the several member associations thereon. Upon such liquidation all

said debentures then issued and outstanding shall forthwith become due and payable equally and ratably out of all assets of said building and loan finance corporation in advance of any other debts thereof not specifically preferred by law, except that nothing herein shall invalidate or affect a prior lawful pledge or assignment of any of its corporation securities or assets by the building and loan finance corporation to others than the commission.

(g) Debentures issued in conformity with the above provisions of this subsection and under the authority of this section shall be countersigned by the commission or its duly authorized deputy and when so countersigned shall be a lawful investment for trust funds in this state and for the state teachers' retirement fund, the state insurance fund and any other state investment fund.

(7) GUARANTY FUND. The building and loan finance corporation shall accumulate from its profits a guaranty fund by carrying thereto annually a sum equal to one-half of one per centum of its capital, until such guaranty fund shall be equal to at least fifteen per centum of such capital.

(8) MEMBERSHIP; LIABILITY; TRANSFER OF SHARES. (a) Every member shall pay \$100 for each share of the capital of the building and loan finance corporation issued to it, provided that no association shall subscribe for or hold shares of such capital to an amount in excess of 10 per cent of the resources of such association.

(b) Such shares shall not be transferable, except that a member which is not liable to the building and loan finance corporation for any obligation direct or contingent, may transfer its shares therein to another building and loan association, by and with the consent of the board of directors of the building and loan finance corporation; or it may retire from membership and receive back the value of such shares as shown on the books of the corporation but not exceeding the sums as it has paid for its shares, upon giving one year's notice in writing of such intention, but no withdrawal shall be permitted by the board of directors, which shall reduce the total amount of the capital of the building and loan finance corporation below \$50,000.

(9) COMMISSIONS AND PAYMENTS OF EXPENSES. A building and loan finance corporation may charge each member association semiannually a commission not exceeding one quarter of one per centum of the average outstanding debt of the member association to it during such period, provided that the rate of charge shall be uniform to all member associations.

(10) QUALIFICATIONS AND DISQUALIFICATIONS OF DIRECTORS; BOND. All of the directors of the building and loan finance corporation must reside in the state of Wisconsin during their term of office, and all must be citizens of the United States. No person shall be elected a director unless he is a shareholder of a member association and has been nominated by it for that office; and every person elected to be a director who, after such election, shall cease to be a shareholder of a member association, shall cease to be a director of the building and loan finance corporation, and his office shall be vacant. Directors who have the custody or possession of money, securities or property shall give bond to the building and loan finance corporation in an amount commensurate with their liabilities transmitted to the banking commission.

(11) OATH OF DIRECTORS. Each director, when appointed or elected, shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of the building and loan finance corporation, and will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to such corporation and that he is the owner in good faith and in his own right on the books of the association which nominated him of five shares of paid-up stock, or other shares of the withdrawal value of five shares of paid-up stock, and that the same is not hypothecated, or in any way pledged as security for any loan or debt and, in case of re-election that such share was not hypothecated or in any way pledged as security for any loan or debt during his previous term. Such oath shall be subscribed by the directors and officers making it, and certified by an officer authorized by law to administer oaths, and immediately transmitted to the banking commission.

(12) CHANGE OF NUMBER OF DIRECTORS. The members of the building and loan finance corporation may at any time change the number of its directors by amending its by-laws in accordance with the provisions of this section.

(13) OFFICERS; POWERS; DUTIES AND COMPENSATION. (a) The by-laws of the building and loan finance corporation shall specify its officers, the manner of their election, and their terms of office.

(b) The officers who have the custody or possession of money, securities or property shall give bond to the association as provided in the by-laws. They shall receive such compensation as is prescribed in the by-laws and shall hold office until their successors are elected and have qualified.

(14) ANNUAL MEETING; NOTICE; VOTING. The annual meeting of the building and loan finance corporation, for the election of directors, shall be held at its principal place of business in January in each year. Notice of the time and place of holding such election shall be given by mailing a copy of such notice postage prepaid to each shareholder of the building and loan finance corporation ten days before the holding of such meeting. Each member shall be entitled to one vote for every share of the capital standing in its name on the books of the building and loan finance corporation.

(15) PREFERENCE OF CREDITS. All the property of any bank, trust company or building and loan association which shall become insolvent shall be applied by the trustees, assignees or receivers thereof or by the banking commission in the first place to the payment in full of any sum or sums of money deposited therewith by the building and loan finance corporation or due to the building and loan finance corporation for subscriptions, sinking funds, interest and principal of bonds, or guaranty of mortgages, ratably and proportionately but not to an amount exceeding that authorized to be so deposited or contracted by the provisions of this section and in accordance and on an equality with any other preference provided for in this section.

(16) BUILDING AND LOAN FINANCE CORPORATION AND ITS DEBENTURES NOT LIABLE FOR TAXATION. (a) The debentures issued by the building and loan finance corporation and the building and loan finance corporation itself, together with its capital, accumulations and funds, shall have the same exemption from taxation as building and loan associations. No law which taxes corporations in any form, or the shares thereof, or the accumulations therein, shall be deemed to include the building and loan finance corporation or its issues of debenture bonds unless they are specifically named in such law.

(17) POWERS OF BANKING COMMISSION. (a) All building and loan finance corporations shall upon request by the commission if it shall find necessity thereof, make reports to the commission and be examined by the commission in the same manner as provided for building and loan associations in sections 215.31 and 215.32.

(b) The bonds of all officers of building and loan finance corporations shall be approved by and filed with the commission.

(c) Any default described in paragraph (e) of subsection (4) hereof shall be cause and ground for the commission to take possession of and liquidate such defaulting association as provided in section 215.33.

(18) DEFINITIONS. When used in this section, unless the context clearly indicates otherwise, the following words shall have the meaning here set after them:

(a) The term "association" shall mean a building and loan association organized under the laws of this state or the United States.

(b) The term "member association" shall mean an association which is a member of a building and loan finance corporation.

(c) The terms "commission" or "commissioner" shall mean the state banking commission.

(d) The term "bonds and shareholders' mortgages" shall mean the bonds and mortgages executed by borrowing shareholders of an association to the association.

(e) The term "association land contracts" shall mean land contracts executed by an association on association real estate owned by it to a purchaser thereof.

(f) The term "association real estate" shall mean real property owned and held by an association in fee simple.

(g) The term "association mortgages" shall mean mortgages executed by an association to a building and loan finance corporation on association real estate.

(h) The term "association trust deed" shall mean trust deeds executed by an association to a building and loan finance corporation on association real estate to secure the payment of a debt from the association to the building and loan finance corporation.

(i) The term "association securities" shall mean and include all bonds and shareholders mortgages, association land contract, association mortgages and association trust deeds of a member association assigned to or executed to a building and loan finance corporation or pledged with a building and loan finance corporation as security for moneys loaned by the building and loan finance corporation to the association.

(j) The term "corporation securities" shall mean and include all association securities assigned to or pledged with the commission by a building and loan finance corporation to secure the payment of its debentures.

(k) The term "debentures" shall mean the debentures defined in subsection (6) hereof. [1933 c. 354; 1935 c. 271; 1937 c. 284 s. 3; 1939 c. 240; 1941 c. 320]

215.505 Financial aid to associations. For the purpose of extending aid and credit to associations any number of local building and loan associations may, with the approval of the commission, organize and operate a national mortgage company as provided in the national housing act approved June 27, 1934; the capital, surplus and earnings of

such mortgage company so organized shall have the same exemptions from taxation as building and loan associations. [1937 c. 236]

215.51 Insurance of stock accounts. (1) When authorized by the banking commission, the secretary of state, the state treasurer and ten or more local building and loan associations (hereinafter referred to as association), the aggregate resources of which shall be not less than five million dollars, may form the "Wisconsin Building and Loan Guarantee Corporation" (hereinafter referred to as the corporation), the purpose of which corporation shall be to guarantee and protect the investments of building and loan members in the stock of those associations which are stockholders and members of said corporation. Each such association shall subscribe to and acknowledge an organization certificate in triplicate, all of which shall be submitted to the banking commission for approval. After such approval one certificate shall be filed with the banking commission, one filed with the secretary of state, and one returned to the corporation. Upon the filing of such certificates and approvals the corporate existence of such corporation shall begin and it shall then have power to elect officers and transact such other business as shall relate to its organization.

(2) The certificate of organization shall specifically state:

- (a) The name "Wisconsin Building and Loan Guarantee Corporation."
- (b) The object and purpose of such corporation.
- (c) The place in the state where its office shall be located.
- (d) The par value of each share (membership share).
- (e) The number of shares to which each association has subscribed, which shall not be less than one per cent of the total share and creditor liability of each association; and when and how its stock may be transferred or retired.

(f) The number of directors, which shall not be less than five or more than nine, and the names of the persons who shall be directors until the first annual meeting. The certificate shall state that such directors are qualified pursuant to the provisions of subsection (9) of this section. In addition to the directors mentioned in this paragraph, the secretary of state and the state treasurer are hereby designated directors of such corporation. Subsection (9) of this section shall not apply to these two directors.

(g) The name and location of each association subscribing to the certificate and the total resources of each such association at the end of the last annual or semiannual period preceding the date of such certificate.

(3) The corporation shall transact no business with others than its members until subscriptions to its shares aggregating one hundred thousand dollars shall have been paid in cash and an affidavit subscribed and sworn to by its two principal officers, stating that such subscription has been so paid, shall have been filed with the banking commission. Upon the filing of such affidavit the banking commission shall issue to such corporation an authorization certificate.

(4) The incorporators shall subscribe and acknowledge and submit to the banking commission proposed by-laws in triplicate, which shall prescribe the manner in which the business of such guarantee corporation shall be conducted with reference to the following matters:

(a) The date of the annual meeting of shareholders; the manner of calling special meetings, the number of members which shall constitute a quorum and the method of voting at such meetings.

(b) The number and qualifications of directors, subject to the provisions of subsection (9) of this section; the method of division into classes for the purpose of electing as nearly as may be an equal number of directors each year; the removal or suspension of directors; the filling of vacancies in the board of directors and the number of directors, not less than three, which shall constitute a quorum.

(c) The meetings, powers and duties of directors; the election or appointment of appraisers, auditors and supervising committees.

(d) The officers; the manner of their election; their terms of office, duties and compensation; and the bonds which shall be required of officers.

(e) The manner of retiring and transferring stock of the corporation.

(f) The manner in which the by-laws may be altered and amended.

(5) In addition to the powers conferred by the general corporation law the corporation shall, subject to the restrictions and limitations contained in this section and its by-laws, have the following powers:

(a) To borrow money.

(b) To purchase and sell bonds, notes, mortgages, and real and personal property.

(c) To receive money or property from its members and from other associations, corporations and persons with whom it has contracts, engagements or undertakings, in instalments or otherwise; to enter into any contract, engagement or undertaking with such member, associations, corporations or persons for the withdrawal of such money or prop-

erty, with any increase thereof, or for the payment to them or to any member, association, corporation or person of any sum of money at any time.

(d) To invest its capital and other funds in bonds and notes of the United States government, the building and loan finance corporation, and with the approval of the banking commission in notes of local building and loan associations.

(e) To purchase in its own name, hold and convey real property for the following purpose and no others: Such as shall be conveyed to it for debts previously contracted in the course of its business and such as it shall purchase at sales under judgments, decrees or mortgages held by it.

(f) To act as liquidator or conservator of member associations.

(6) The corporation shall accumulate from its stock sale to its members and from its net profits a guarantee fund from which to pay losses which any investor in the stock of any of its member associations may suffer on such stock, by reason of the liquidation of such association, but the corporation shall not be liable for an amount greater than the withdrawal value, but not exceeding the par value of shares. No dividends shall be paid on the stock of the corporation until the guarantee fund shall have accumulated to an amount equal to two per cent of the total stock liability of the associations which are members of such corporation.

(7) Any association may become a member of the corporation by making application and complying with the following conditions, such application to be upon the forms provided by the corporation, and to be accompanied by such fee as the board shall designate. Such applications for membership must be approved by the banking commission and the directors of the corporation before filing the same. No association shall become a member until its application shall be approved by the directors of the corporation.

(a) Such member shall pay par for each share of the capital stock of the corporation issued to it; shall subscribe for one share for each ten thousand dollars or fractional part thereof of the stock liability to the members and creditor liabilities of such association. Adjustments of the amount of stock to be held by each member shall be made annually by the directors of the corporation. All shares shall be paid for at such times and in such amounts as the board of directors of the corporation shall direct. No member association shall be entitled to more than one vote for each share of stock owned by it.

(b) On or before the first day of February of each year each member association shall submit to the corporation a verified copy of its report to the banking commission.

(c) If at any time the guarantee fund provided for in subsection (6) shall diminish to an amount less than one per cent of the total stock liability of the associations which are members of the corporation, the directors may order all member associations to purchase additional stock in the corporation and all member associations shall within sixty days of the receipt of such order purchase such additional stock. The amount of such additional stock purchases shall be such as the directors shall deem necessary to the best interests of the corporation, shall be prorated among the member associations according to previous stock ownership and shall be paid in such manner and at such times as the directors shall direct. The directors may, in lieu of ordering additional stock purchases, order one or more assessments to replenish the guarantee fund, such assessments to be prorated in accordance with the members' stock ownership. The directors at no one time shall order an additional stock purchase or assessments in an amount of more than one-fourth of one per cent of the total assets of its member associations in any one year.

(d) The board of directors of the corporation shall require each member who shall neglect to make payments upon the shares or assessments as directed by the board, to pay interest upon such unpaid amounts.

(e) Any member association which is not liable to the corporation for any obligation, direct or contingent, may retire from the corporation with the consent of the board of directors of the corporation, by giving to the corporation a written notice. No such notice shall be effective unless there is attached to it the written approval of the banking commission. The liability of the corporation to guarantee the stock of such association shall immediately cease and the corporation shall have one year from the receipt of such notice to repurchase from such association the stock which such association has in the corporation. The amount which the corporation shall pay for the repurchase of such stock shall be the value of such stock upon the books of the corporation either at the time of such notice or at the time of repurchase, whichever shall be the lower, but in no case more than par.

(8) The corporation may pay operating expenses from earnings only.

(9) All of the directors of the corporation shall reside in the state of Wisconsin during their terms of office, and all shall be citizens of the United States. No person shall be elected a director unless he is an officer or director of a member association and has been nominated by it for that office, and shall be the owner of not less than five hundred dollars withdrawal value of shares in his association; and every person elected to be a director

who, after such election, shall cease to be an officer or director of a member association, shall cease to be a director of the corporation. Not more than three directors shall serve on the board at the same time who shall have been nominated by member associations located in any one county. Officers and directors who have the custody or possession of money, securities or property shall give bond to the corporation in an amount commensurate with their liability, as determined by the banking commission, such bond to remain on file with the banking commission.

(10) (a) Whenever any member association shall have been closed or taken over by the banking commission, or whenever the directors of the corporation shall find that a member association is insolvent, the banking commission shall appoint the corporation liquidator or conservator for such association, which corporation shall act as the agent of the banking commission in the liquidation of such association.

(b) Whenever any member association shall adopt a liquidation resolution the corporation shall be appointed the liquidator for such association.

(c) The corporation may, with the approval of the banking commission, acquire by purchase any member association for which it has been appointed liquidator or conservator.

(11) The officers of the corporation and the banking commission shall exchange information as to the condition of any member association or any association which may have filed an application for membership with the corporation.

(12) Subsection (12) of section 215.01 and section 215.272 shall apply to the corporation, its officers, directors and employees as the same may be applicable.

(13) The corporation itself, together with its capital, accumulations, earnings, funds, stocks, bonds and securities, shall have the same exemptions from taxation as building and loan associations. No law which taxes corporations in any form, or the shares thereof, or the accumulations therein, shall be deemed to include the corporation or its capital, accumulation, earnings, funds, stocks, bonds and securities.

(14) (a) After six months after the incorporation of the corporation provided for in this section it shall be unlawful for any building and loan association chartered under the laws of this state which is not a member of such corporation to pay any dividends upon its stock until the contingent fund reserve of such association shall amount to ten per cent of the assets of such association; provided that this subsection shall not apply to any association which met and continues to meet the following requirements:

1. At all times during the five-year period immediately preceding the passage of chapter 270 of the laws of 1935 has set aside for its contingent fund reserve at least five per cent of the net profits in each such year, as required by section 215.24;

2. Charged during such five-year period to its contingent reserve all losses then existing as required by section 215.24;

3. Paid in each year of such five-year period dividends at the rate of not less than three dollars per share per annum upon its paid up capital stock;

4. At all times during such five-year period and during any subsequent year in which dividends may be declared and paid shall have promptly and within a period of not more than sixty days after notice thereof, and demand therefor, redeemed in cash, and at the price fixed by its by-laws (1) all paid-up stock presented for withdrawal; (2) all unpledged matured instalment stock issued by such association; and (3) all unpledged unmatured instalment stock sought to be withdrawn;

5. Maintained in each year of such five-year period and in any subsequent year in which dividends may be paid a contingent fund reserve and undivided profits reserve, the sum of which shall be at least equal to two per cent of its creditor and stock liability.

(b) This subsection shall not apply to any association which has an application for membership in such corporation pending until such application may be rejected. This subsection shall not apply to any association which may have its stock accounts insured by the federal savings and loan insurance corporation.

(15) The corporation shall issue a certificate for display by members.

(16) No corporation or association not organized under this section shall be entitled to use a name embodying the words "building and loan guarantee corporation." [1935 c. 270, 475]

215.52 Conversion. (1) Any local building and loan association may convert itself into a federal savings and loan association organized and existing under the laws of the United States of America, and any federal savings and loan association may convert itself into a local building and loan association, by the following procedure hereinafter outlined:

(a) A meeting of the shareholders shall be held upon not less than ten days' written notice to each shareholder, served either personally or by mail, postage prepaid, directed to him at his last known post-office address, and containing a statement of the time, place and the purpose for which such meeting is called.

(b) At such meeting, the shareholders may by the affirmative vote in person or by proxy of sixty-six and two-thirds per cent of the outstanding shares of the association declare by resolution the determination to convert such association into a federal savings and loan association or into a local building and loan association. A copy of the minutes of such meeting, verified by the affidavit of the chairman and the secretary of the meeting, shall be filed in the office of the banking commission within ten days after the date of such meeting. Such sworn copy of the minutes of such meeting when so filed shall be presumptive evidence of the holding of and of the action taken at such meeting.

(c) If the shareholders shall have voted to convert the association, the secretary shall serve notice either personally or by mail, postage prepaid, directed to them at their last known post-office address, on all shareholders of such action within thirty days after such meeting. Any shareholder may, within thirty days after service of the notice as herein provided of the action taken at such meeting, give written notice that he desires to withdraw his shares. Such shareholder shall be entitled to and receive the amount standing to his share credits on the books of the association, less any amount due the association for advances made or any other item.

(d) Within six months after the adjournment of a meeting of shareholders called for the purpose of converting the association into a federal savings and loan association, the association shall take such action as may be necessary to make it a federal savings and loan association, and within ten days after the receipt of the federal charter or a certificate of organization there shall be filed with the banking commission a copy of said charter or certificate of organization certified by or on behalf of the federal home loan bank board. Upon the filing of such instrument, the association shall cease to be a local association and shall thereafter be a federal savings and loan association. Within six months after the adjournment of a meeting of shareholders called for the purpose of converting the association into a local building and loan association the banking commission shall examine such association and shall determine the action necessary to qualify the association for a state charter. Upon complying with the necessary requirements a state charter shall be issued to such association.

(2) At the time when such conversion from a local association to a federal savings and loan association becomes effective, the association shall cease to be supervised by this state.

(3) The legislature intends that the provisions contained in the several subsections of this section shall be independent of each other and that the invalidity for any reason of any subsection or clause thereof shall not affect the validity of any other clause or subsection of this section. Any provision of the statutes inconsistent with the provisions of this section is hereby repealed.

(4) Upon the conversion of any local building and loan association into a federal savings and loan association and upon the conversion of a federal savings and loan association into a local building and loan association operating under the laws of this state, the corporate existence of the converting association shall not terminate, but the federal savings and loan association or local building and loan association resulting from such conversion shall be deemed to be a continuation of the entity of the converting association and all property of the converting association, including its rights, titles and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action and every right, privilege, interest and asset of any conceivable value, or benefit, then existing or pertaining to it, or, which would inure to it, shall immediately by act of law and without any conveyance or transfer and without any further act or deed, remain and be vested in and continue and be the property of the association resulting from such conversion, and such association shall have, hold and enjoy the same in its own name as fully and to the same extent as the same was possessed, held and enjoyed by the converting association, and the association resulting from such conversion as of the time of the taking effect of such conversion shall continue to have and succeed to all of the rights, obligations and relations of the converting association. All pending actions and other judicial proceedings to which the converting association is a party shall not be deemed to have abated or to have discontinued by reason of any such conversion, but may be prosecuted to final judgment order or decree in the same manner as if the conversion had not been made and the association resulting from such conversion may continue such action in its corporate name as a federal savings and loan association or a local building and loan association, as the case may be, and any judgment, order or decree may be rendered for or against it which might have been rendered for or against the converting association theretofore involved in such judicial proceedings. [1939 c. 140, 482]