

State of Wisconsin



2013 Senate Bill 520

Date of enactment: **April 16, 2014**
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2013 WISCONSIN ACT 277

AN ACT *to repeal* 215.26 (3) and 220.28; *to amend* 13.92 (4) (c), 13.92 (4) (d), 13.92 (4) (e), 13.92 (4) (f), 35.93 (2) (b) 4., 35.93 (2) (c) 1., 35.93 (3), 35.93 (3) (e) (intro.), 35.93 (3) (e) 1., 186.098 (9m), 186.113 (7), 186.71 (1), 214.75 (4), 214.75 (5) (a), 215.26 (4) (a), 220.285 (1), 227.01 (13) (intro.), 227.10 (2m), 227.11 (2) (intro.), 227.14 (2) (a) 8., 227.20 (3) (c) and 227.27 (2); *and to create* 13.92 (4) (bm), 186.118 and 227.265 of the statutes; **relating to:** rule-making procedures, modifying and repealing various rules promulgated by the Department of Financial Institutions, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority.

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

SECTION 1. 13.92 (4) (bm) of the statutes is created to read:

13.92 (4) (bm) If 2 or more rules filed under s. 227.20 or modified under s. 227.265 affect the same unit of the Wisconsin administrative code without taking cognizance of the effect thereon of the other rules and if the legislative reference bureau finds that there is no mutual inconsistency in the changes made by each such rule, the legislative reference bureau shall incorporate the changes made by each rule into the text of the unit and document the incorporation in a note to the unit. For each such incorporation, the legislative reference bureau shall include in a correction bill a provision formally validating the incorporation. Section 227.27 (2) is not affected by printing decisions made by the legislative reference bureau under this paragraph.

SECTION 2. 13.92 (4) (c) of the statutes is amended to read:

13.92 (4) (c) The legislative reference bureau may insert in the Wisconsin administrative code a note explaining any change made under par. (b) or (bm).

SECTION 3. 13.92 (4) (d) of the statutes is amended to read:

13.92 (4) (d) Sections 227.114, 227.116, 227.135, and 227.14 to 227.24 do not apply to any change made by the legislative reference bureau under par. (b) or (bm).

SECTION 4. 13.92 (4) (e) of the statutes is amended to read:

13.92 (4) (e) The legislative reference bureau shall prepare and keep on file a record of each change made under par. (b) or (bm).

SECTION 5. 13.92 (4) (f) of the statutes is amended to read:

13.92 (4) (f) The legislative reference bureau shall notify the agency involved of each change made under par. (b) or (bm).

SECTION 6. 35.93 (2) (b) 4. of the statutes, as affected by [2013 Wisconsin Act 20](#), is amended to read:

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

35.93 (2) (b) 4. Copies of all rules filed with the legislative reference bureau under s. 227.20 (1) or modified under s. 227.265 since the compilation of the preceding register, including emergency rules filed under s. 227.24 (3).

SECTION 7. 35.93 (2) (c) 1. of the statutes, as affected by [2013 Wisconsin Act 20](#), is amended to read:

35.93 (2) (c) 1. Each chapter of the Wisconsin administrative code that has been affected by rules filed with legislative reference bureau under s. 227.20 (1) or modified under s. 227.265, in accordance with sub. (3) (e) 1.

SECTION 8. 35.93 (3) of the statutes is amended to read:

35.93 (3) The legislative reference bureau shall compile and deliver to the department for printing copy for a register which shall contain all the rules filed under s. 227.20 or modified under s. 227.265 since the compilation of rules for the preceding issue of the register was made and those executive orders which are to be in effect for more than 90 days or an informative summary thereof. The complete register shall be compiled and published before the first day of each month and a notice section of the register shall be compiled and published before the 15th day of each month. Each issue of the register shall contain a title page with the name "Wisconsin administrative register", the number and date of the register, and a table of contents. Each page of the register shall also contain the date and number of the register of which it is a part in addition to the other necessary code titles and page numbers. The legislative reference bureau may include in the register such instructions or information as in the bureau's judgment will help the user to correctly make insertions and deletions in the code and to keep the code current.

SECTION 9. 35.93 (3) (e) (intro.) of the statutes, as affected by [2013 Wisconsin Act 20](#), is amended to read:

35.93 (3) (e) (intro.) The legislative reference bureau shall incorporate into the appropriate chapters of the Wisconsin administrative code each permanent rule filed with the legislative reference bureau under s. 227.20 (1) or modified under s. 227.265 and, for each chapter of the administrative code affected by a rule, do all of the following:

SECTION 10. 35.93 (3) (e) 1. of the statutes, as affected by [2013 Wisconsin Act 20](#), is amended to read:

35.93 (3) (e) 1. Publish the chapter in the appropriate end-of-month register in accordance with the filing deadline for publication established in the rules procedures manual published under s. 227.15 (7) ~~or~~ in an end-of-month register agreed to by the submitting agency and the legislative reference bureau, or, in the case of a rule modified under s. 227.265, in the end-of-month register for the month in which the bill modifying the rule is enacted.

SECTION 11. 186.098 (9m) of the statutes is amended to read:

186.098 (9m) PARTICIPATION LOANS. ~~Subject to rules prescribed by the office of credit unions, a~~ A credit union may participate with other lenders in a loan of any type that the credit union may otherwise make.

SECTION 12. 186.113 (7) of the statutes is amended to read:

186.113 (7) ~~CONDITIONAL SALES CONTRACTS ACQUIRING INTERESTS IN CREDIT SALES TRANSACTIONS.~~ CONDITIONAL SALES CONTRACTS ACQUIRING INTERESTS IN CREDIT SALES TRANSACTIONS. Purchase or acquire ~~conditional sales contracts or similar instruments executed by~~ interests in credit sales transactions involving credit union members.

SECTION 13. 186.118 of the statutes is created to read:

186.118 Incidental powers parity with federal credit unions. (1) In addition to any activity or power authorized under ss. 186.098, 186.11, 186.113, 186.115, and 186.235 (21), a credit union organized under s. 186.02 may engage in any activity or exercise any power that is listed by the office of credit unions under sub. (2) (a) or (3) (b) 1.

(2) (a) The office of credit unions shall promulgate a rule establishing a list of activities and powers incidental to the business of a credit union that are authorized for federally chartered credit unions as of the effective date of this paragraph [LRB inserts date].

(b) The office of credit unions shall submit the proposed rule under par. (a) to the legislative reference bureau in an electronic format approved by the legislative reference bureau, and the legislative reference bureau shall publish the proposed rule in the notice section of the Wisconsin administrative register under s. 35.93.

(c) Sections 227.114 (4) and (6), 227.115, 227.135, 227.137, 227.14 (2) (a) 6., (2g), (4), and (4m), 227.15, 227.16, 227.17, 227.18, 227.185, 227.19, and 227.30 do not apply to the office of credit unions in promulgating a rule under par. (a) or to any rule promulgated by the office of credit unions under par. (a). Guidelines prescribed by executive order of the governor do not apply to the office of credit unions in promulgating a rule under par. (a).

(3) (a) After the effective date of this paragraph [LRB inserts date], if any activity or power incidental to the business of a credit union that is not listed under sub. (2) (a) becomes authorized for federally chartered credit unions, within 30 days after the activity or power becomes authorized the office of credit unions shall make a determination as to whether the activity or power should also be authorized for credit unions organized under s. 186.02. In making this determination, the office of credit unions shall consider the degree to which the following apply with respect to the activity or power:

1. It is necessary, convenient, or useful for effectively carrying out the mission or business of a credit union.

2. It is the functional equivalent or logical outgrowth of activities or powers that are part of the mission or business of a credit union.

3. It involves risks similar in nature to those already assumed as part of the business of the credit union and it is not likely to be detrimental to the overall safety and soundness of the credit union.

(b) 1. The office of credit unions shall promulgate a rule adding an activity or power to the list of activities and powers established under sub. (2) (a) if the office of credit unions determines under par. (a) that the activity or power authorized for federally chartered credit unions should also be authorized for credit unions organized under s. 186.02.

2. The office of credit unions shall submit the proposed rule under subd. 1. to the legislative reference bureau in an electronic format approved by the legislative reference bureau, and the legislative reference bureau shall publish the proposed rule in the notice section of the Wisconsin administrative register under s. 35.93.

3. Sections 227.114 (4) and (6), 227.115, 227.135, 227.137, 227.14 (2) (a) 6., (2g), (4), and (4m), 227.15, 227.16, 227.17, 227.18, 227.185, 227.19, and 227.30 do not apply to the office of credit unions in promulgating a rule under subd. 1. or to any rule promulgated by the office of credit unions under subd. 1. Guidelines prescribed by executive order of the governor do not apply to the office of credit unions in promulgating a rule under subd. 1.

(4) The office of credit unions shall publish and maintain on the department of financial institutions' Internet site the list of activities and powers under sub. (2) (a).

(5) If the office of credit unions promulgates a rule listing an activity or power as provided in sub. (2) (a) or (3) (b) 1., subs. (2) (b) and (c) and (3) (b) 2. and 3. do not apply to any subsequent rule modifying or eliminating the listed activity or power.

SECTION 14. 186.71 (1) of the statutes is amended to read:

186.71 (1) Any credit union may cause any or all records kept by such credit union to be recorded, copied or reproduced by any photostatic, photographic or miniature photographic process or by optical imaging if the process employed correctly, accurately and permanently copies, reproduces or forms a medium for copying, reproducing or recording the original record on a film or other durable material. A credit union may thereafter dispose of the original record after first obtaining the written consent of the office of credit unions.

SECTION 15. 214.75 (4) of the statutes is amended to read:

214.75 (4) The division shall by rule prescribe periods of time for standards by which savings banks must retain records and after the expiration of which, the savings bank may destroy those records. Liability may not accrue against the savings bank, the division or this state for destruction of records according to rules of the division promulgated under this subsection. In an action in

which records of the savings bank may be called in question or demanded, a showing of ~~the expiration of the retention period~~ compliance with the division's standards shall be sufficient to excuse for failure any inability to produce the records.

SECTION 16. 214.75 (5) (a) of the statutes is amended to read:

214.75 (5) (a) A savings bank may cause records kept by the savings bank to be recorded, copied or reproduced by any photostatic, photographic or miniature photographic process or by optical imaging if the process employed correctly, accurately and permanently copies, reproduces or forms a medium for copying, reproducing or recording the original record on a film or other durable material. A savings bank may thereafter dispose of the original record ~~after obtaining the written consent of the division.~~ This subsection, ~~except that part requiring written consent of the division,~~ is applicable to federal savings banks if it does not contravene federal law.

SECTION 17. 215.26 (3) of the statutes is repealed.

SECTION 18. 215.26 (4) (a) of the statutes is amended to read:

215.26 (4) (a) Any association may cause any or all records kept by such association to be recorded, copied or reproduced by any photostatic, photographic or miniature photographic process or by optical imaging if the process employed correctly, accurately and permanently copies, reproduces or forms a medium for copying, reproducing or recording the original record on a film or other durable material. An association may thereafter dispose of the original record ~~after first obtaining the written consent of the division.~~ This section, ~~excepting the part of it which requires written consent of the division,~~ is applicable to federal associations insofar as it does not contravene federal law.

SECTION 19. 220.28 of the statutes is repealed.

SECTION 20. 220.285 (1) of the statutes is amended to read:

220.285 (1) Any state bank, trust company bank, licensee under ss. 138.09, 138.12, 138.14, 218.0101 to 218.0163, 218.02, 218.04, 218.05, 224.72, or 224.725 or ch. 217 may cause any or all records kept by such bank, licensee, or registered person to be recorded, copied or reproduced by any photostatic, photographic or miniature photographic process or by optical imaging if the process employed correctly, accurately and permanently copies, reproduces or forms a medium for copying, reproducing or recording the original record on a film or other durable material. A bank, may thereafter dispose of the original record. A licensee, or registered person may thereafter dispose of the original record after first obtaining the written consent of the division. This section, ~~excepting that part of it which requires written consent of the division,~~ is applicable to national banking associations insofar as it does not contravene federal law.

SECTION 21. 227.01 (13) (intro.) of the statutes is amended to read:

227.01 (13) (intro.) “Rule” means a regulation, standard, statement of policy, or general order of general application which has the effect of law and which is issued by an agency to implement, interpret, or make specific legislation enforced or administered by the agency or to govern the organization or procedure of the agency. “Rule” includes a modification of a rule under s. 227.265. “Rule” does not include, and s. 227.10 does not apply to, any action or inaction of an agency, whether it would otherwise meet the definition under this subsection, which:

SECTION 22m. 227.10 (2m) of the statutes is amended to read:

227.10 (2m) No agency may implement or enforce any standard, requirement, or threshold, including as a term or condition of any license issued by the agency, unless that standard, requirement, or threshold is explicitly required or explicitly permitted by statute or by a rule that has been promulgated in accordance with this subchapter, except as provided in s. 186.118 (2) (c) and (3) (b) 3. The governor, by executive order, may prescribe guidelines to ensure that rules are promulgated in compliance with this subchapter.

SECTION 23. 227.11 (2) (intro.) of the statutes is amended to read:

227.11 (2) (intro.) Rule-making authority is expressly conferred on an agency as follows:

SECTION 23d. 227.14 (2) (a) 8. of the statutes is amended to read:

227.14 (2) (a) 8. The place where comments on the proposed rule should be submitted and the deadline for submitting those comments, if the deadline is known at the time the proposed rule is submitted to the legislative council staff under s. 227.15 or, for a rule promulgated under s. 186.118 (2) (a) or (3) (b) 1., submitted as provided in s. 186.118 (2) (b) or (3) (b) 2.

SECTION 23t. 227.20 (3) (c) of the statutes is amended to read:

227.20 (3) (c) That all of the rule-making procedures required by this chapter were complied with, except as provided in s. 186.118 (2) (c) or (3) (b) 3.

SECTION 24. 227.265 of the statutes is created to read:

227.265 Repeal or modification of rules. If a bill to repeal or modify a rule is enacted, the procedures under ss. 227.114 to 227.21 and 227.26 do not apply. Instead, the legislative reference bureau shall publish the repeal or modification in the Wisconsin administrative code and register as required under s. 35.93, and the repeal or modification shall take effect as provided in s. 227.22.

SECTION 25. 227.27 (2) of the statutes is amended to read:

227.27 (2) The code shall be prima facie evidence in all courts and proceedings as provided by s. 889.01, but this does not preclude reference to or, in case of a discrep-

ancy, control over a rule filed with the legislative reference bureau ~~or the secretary of state under s. 227.20 or modified under s. 227.265,~~ and the certified copy of a rule shall also and in the same degree be prima facie evidence in all courts and proceedings.

SECTION 26. DFI-Bkg 9.01 of the administrative code is repealed and recreated to read:

DFI-Bkg 9.01 **Retention of records; destruction of records.** (1) Each bank shall retain its records in a manner consistent with prudent business practices and in accordance with this chapter and other applicable state or federal laws, rules, and regulations. The record retention system utilized must be able to accurately produce such records.

(2) Except where a retention period is required by state or federal laws, rules, or regulations, a bank may destroy its records subject to the considerations set forth in sub. (1). In the destruction of records, the bank shall take reasonable precautions to assure the confidentiality of information in the records.

SECTION 27. DFI-Bkg 41.01 (intro.) of the administrative code is amended to read:

DFI-Bkg 41.01 **License fee.** (intro.) ~~Except as provided in s. DFI-Bkg 47.04,~~ The following nonrefundable fees shall be submitted with an application for a license or renewal of a license under subch. III of ch. 224, Stats.:

SECTION 28. Chapter DFI-Bkg 47 of the administrative code is repealed.

SECTION 29. DFI-CU 54.05 (2) (b) 3. of the administrative code is amended to read:

DFI-CU 54.05 (2) (b) 3. A final title letter report showing the status of the current lien.

SECTION 30. DFI-CU 57.01 of the administrative code is amended to read:

DFI-CU 57.01 **Retention of records.** Each credit union shall retain its records in a manner consistent with prudent business practices and in accordance with this chapter and other applicable state or federal laws, rules, and regulations. The record retention system utilized must be able to accurately produce ~~accurate and verifiable records and include an index to the retained forms.~~ Each credit union shall retain its records for at least the minimum period specified in the January 1996 edition of the technical publication of the Financial Managers Society, Inc. of Chicago, Illinois, titled “Financial Institutions Record Retention Manual.” such records.

SECTION 31. DFI-CU 57.01 (note) of the administrative code is repealed.

SECTION 32. DFI-CU 57.03 of the administrative code is amended to read:

DFI-CU 57.03 **Destruction of records.** Except where a ~~longer~~ retention period is required by ~~other~~ state or federal laws, rules, ~~and or~~ regulations, a credit union may destroy its records ~~at the end of the applicable minimum retention period determined under~~ subject to the

considerations set forth in s. DFI-CU 57.01. In the destruction of records, the credit union shall take reasonable precautions to assure the confidentiality of information in the records.

SECTION 33. DFI-CU 59.03 (1) of the administrative code is amended to read:

DFI-CU 59.03 (1) The institutional security must have at least a "AA" rating by fitch investors service of New York City, or a comparable rating service be rated by a nationally recognized statistical rating organization in one of its 2 highest rating categories.

SECTION 34. DFI-CU 59.03 (6) of the administrative code is renumbered DFI-CU 59.03 (6) (a) and amended to read:

DFI-CU 59.03 (6) (a) An individual credit union may not invest more than \$50,000 \$100,000, subject to adjustment under par. (b), in securities issued by any one individual institution without the prior approval of the director of credit unions.

SECTION 35. DFI-CU 59.03 (6) (b) of the administrative code is created to read:

DFI-CU 59.03 (6) (b) 1. In this paragraph, "consumer price index" means the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. department of labor.

2. On July 1 of each even-numbered year beginning on July 1, 2016, the legislative fiscal bureau shall make a calculation of the percentage difference between the consumer price index for the 12-month period ending on December 31 of the preceding year and the consumer price index for the 12-month period ending on December 31 of the year that is 2 years before the preceding year and, if this percentage difference is a positive number, shall make a calculation of the dollar amount specified under par. (a) as adjusted by this percentage difference, rounded to the nearest multiple of \$1,000. The legislative fiscal bureau shall notify the legislative reference bureau of these calculated amounts, and the legislative reference bureau shall publish these calculated amounts in the Wisconsin Administrative Register. If the calculated percentage difference is a positive number, then on the effective date of the Wisconsin Administrative Register, the amount under par. (a) is adjusted to reflect the calculated adjusted amount, as published.

SECTION 36. DFI-CU 60.01 (title) of the administrative code is amended to read:

DFI-CU 60.01 (title) **Definitions Definition.**

SECTION 37. DFI-CU 60.01 (1) of the administrative code is repealed.

SECTION 38. DFI-CU 60.01 (2) of the administrative code is renumbered DFI-CU 60.01 and amended to read:

DFI-CU 60.01 ~~"Passbook~~ In this chapter, "passbook savings account" means any book, statement of account, or similar record in which a running account of all monies paid in or withdrawn by a credit union member on a savings account are recorded.

SECTION 39. DFI-CU 60.03 (title) and (1) of the administrative code are amended to read:

DFI-CU 60.03 (title) **Certificates of deposit Term share accounts.** (1) The board of directors shall establish the policy with regard to maturities and minimum denominations for each classification of ~~certificates of deposit~~ term share account. This policy shall be reviewed from time to time as conditions require.

SECTION 39g. DFI-CU 60.03 (2) of the administrative code is repealed.

SECTION 39r. DFI-CU 60.03 (3) and (4) of the administrative code are amended to read:

(3) At the option of the credit union, additional deposits may be permitted to ~~certificate of deposit~~ term share accounts without extending the original maturity of the ~~certificate~~ term share account.

(4) The information contained in s. DFI-CU 60.06 shall be disclosed on all ~~certificates of deposit~~ term share accounts or accompanying disclosure forms.

SECTION 40. DFI-CU 60.05 (1) and (2) of the administrative code are amended to read:

DFI-CU 60.05 (1) The board of directors shall establish the policy with regard to the penalties for early withdrawal from ~~certificate of deposit~~ term share accounts or passbook savings accounts with stated maturities. ~~Early withdrawal penalties may be enforced up to the maximum permitted by the depository institutions deregulation committee for similar types of accounts held in banks and savings and loan associations.~~ If early withdrawal penalties are enforced by a credit union, these penalties shall be applied in a consistent manner to all accounts of a similar classification. This policy shall state the conditions under which penalties may be waived or modified.

(2) Penalties imposed for early withdrawal from ~~certificate of deposit~~ term share accounts or passbook savings accounts with maturities may be deducted from the principal amount of the ~~certificate or~~ account balance.

SECTION 41. DFI-CU 60.06 of the administrative code is amended to read:

DFI-CU 60.06 **Credit union dissolution.** The liability for dividends declared by the board of directors on ~~certificate of deposit~~ term share accounts and passbook savings accounts shall terminate without penalty to the credit union upon the credit union entering an involuntary dissolution procedure, or if the director shall take possession of the credit union under s. 186.235 (11), Stats. Upon dissolution, the director shall determine the priority of payout of the various classifications of savings.

SECTION 42. DFI-CU 61 (title) of the administrative code is amended to read:

DFI-CU 61 (title) **CREDIT UNION PURCHASE OR ACQUISITION OF CONDITIONAL SALES CONTRACTS OR SIMILAR INSTRUMENTS EXECUTED BY CREDIT UNION MEMBERS**

INTERESTS IN CREDIT SALES TRANSACTIONS

SECTION 43. DFI-CU 61.01 (1) of the administrative code is renumbered DFI-CU 61.01 and amended to read:

DFI-CU 61.01 **Limitations.** Subject to the following minimum requirements, credit unions with assets of \$1,000,000 or more may purchase or acquire ~~conditional sales contracts or similar instruments executed~~ interests in credit sales transactions entered into by their members. Credit unions with assets of less than \$1,000,000 may do so ~~subject to the following minimum requirements~~, only with the prior, written approval of the director.

SECTION 44. DFI-CU 61.02 (1) and (2) of the administrative code are amended to read:

DFI-CU 61.02 (1) The maximum interest rate (finance charge) chargeable to the member-borrower by a seller ~~on a conditional sales contract or similar instrument sold to~~ in a credit sales transaction involving a credit union shall not exceed that permitted by s. 422.201, Stats. ~~On such contracts~~ In such transactions, neither the seller nor the credit union, in the aggregate, may directly benefit by interest charges, including "Time Price Differential", processing or service fees by an amount in excess of that permitted by s. 422.201, Stats.

(2) The interest rate or finance charges ~~on conditional sales contracts and similar instruments~~ in credit sales transactions and on all loans shall be calculated and applied on a simple interest basis on the unpaid balance. "Add-on" or "Discount" interest rates on purchased ~~contracts~~ interests in these transactions and on other credit union loans are not permitted.

SECTION 45. DFI-CU 61.03 (1), (2) and (3) of the administrative code are amended to read:

DFI-CU 61.03 (1) Subject to the discretion of the board of directors a portion of interest charges (finance charges) on purchased ~~contracts~~ interests in credit sales transactions may be shared by the credit union with the seller subject, however, to s. DFI-CU 61.02.

(2) When interest income (finance charges) is shared with the seller, on ~~contracts~~ interests in credit sales transactions purchased with recourse, the credit union shall establish as a liability on its records, a dealer reserve. This reserve shall be adjusted and negotiated with the seller at least annually on the basis of the interest which has been accrued or earned.

(3) On ~~contracts~~ interests in credit sales transactions purchased without recourse, the shared interest (finance charges) paid to the seller must be set up as a deferred charge and applied at least semi-annually to the income received on those ~~contracts~~ interests.

SECTION 46. DFI-CU 61.04 of the administrative code is amended to read:

DFI-CU 61.04 **Dealer financial statements.** Credit unions purchasing member ~~contracts~~ interests in credit sales transactions made with recourse must secure annual sworn financial statements from each participating seller

until the purchased ~~contracts~~ interests have been paid. These sworn financial statements are to be retained by the credit union for review by departmental examiners.

SECTION 47. Chapter DFI-CU 65 of the administrative code is repealed.

SECTION 48. DFI-CU 66.02 (2) (note) of the administrative code is repealed.

SECTION 49m. Chapter DFI-CU 67 of the administrative code is repealed.

SECTION 55. DFI-CU 68.02 (note) of the administrative code is repealed.

SECTION 56. DFI-CU 68.03 (2) of the administrative code is amended to read:

DFI-CU 68.03 (2) "Authorized depository financial institution" means any bank ~~insured by the federal deposit insurance corporation~~ or savings and loan association insured by the federal savings and loan deposit insurance corporation.

SECTION 57. DFI-CU 68.06 (2) of the administrative code is amended to read:

DFI-CU 68.06 (2) AUTHORIZED DEPOSITORY FINANCIAL INSTITUTIONS. A credit union may invest in deposit accounts of any authorized depository financial institution, provided the aggregate investment per institution shall not exceed the greater of the deposit insurance limit under federal deposit insurance corporation ~~or federal savings and loan insurance corporation~~ or 1/2 the unimpaired balance of the credit union's regular reserve unless the director of credit unions approves investment by the credit union exceeding this amount.

SECTION 58. Chapter DFI-CU 70 of the administrative code is repealed.

SECTION 59. DFI-CU 72.12 and 72.13 of the administrative code are repealed.

SECTION 60d. Chapter DFI-CU 74 (title) of the administrative code is amended to read:

Chapter DFI-CU 74
INCIDENTAL POWERS ACTIVITY
AUTHORITY PARITY WITH FEDERAL
CREDIT UNIONS - DEBT CANCELLATION
CONTRACTS AND DEBT SUSPENSION
AGREEMENTS

SECTION 60h. DFI-CU 74.01 of the administrative code is repealed.

SECTION 60j. DFI-CU 74.02 (7) of the administrative code is repealed.

SECTION 60p. DFI-CU 74.03 of the administrative code is amended to read:

DFI-CU 74.03 **Debt cancelation contracts and debt suspension agreements.** A credit union may provide debt cancellation contracts and debt suspension agreements as an ~~incidental powers activity in the same manner and to the same extent that the products are provided by federally chartered credit unions~~.

SECTION 60t. DFI-CU 74.09 of the administrative code is amended to read:

DFI-CU 74.09 **Safety and soundness.** A credit union shall manage the risks associated with debt cancellation contracts and debt suspension agreements in accordance with safety and soundness principles. A credit union shall establish and maintain effective risk management and control processes over its debt cancellation contracts and debt suspension agreements. The processes include appropriate recognition and financial reporting of income, expenses, assets and liabilities, and appropriate treatment of all expected and unexpected losses associated with the products. A credit union shall assess the adequacy of its internal control and risk mitigation activities in view of the nature and scope of its debt cancellation contract and debt suspension agreement programs. The director may limit, restrict or prohibit a credit union from utilizing any incidental power providing debt cancellation contracts and debt suspension agreements if examination results indicate that the credit union is conducting its business in an unauthorized or unsafe manner or is violating any of the provisions of this chapter.

SECTION 61. DFI-SL 6.01 of the administrative code is amended to read:

DFI-SL 6.01 **Destruction of records.** Except where a longer retention period is required by another state or federal agency having jurisdiction over the association, the division authorizes the destruction of records at the end of the applicable minimum retention period determined under laws, rules, or regulations, an association may destroy its records subject to the considerations set forth in s. DFI-SL 6.03. In the destruction of records, the association shall take reasonable precautions should be taken to assure the confidentiality of members' accounts information in the records.

SECTION 62. DFI-SL 6.03 of the administrative code is amended to read:

DFI-SL 6.03 **Records retention requirements.** Each association shall retain its records in a manner consistent with prudent business practices and in accordance with this chapter and the other applicable state or federal laws, rules or, and regulations of state or federal agencies. Each association shall retain its records for the minimum period specified in the technical publication of the Finan-

cial Managers Society, Inc. of Chicago, Illinois, titled "Records Retention Guidelines" and dated July 1986. The record retention system utilized must be able to accurately produce such records.

SECTION 63. DFI-SB 6.01 of the administrative code is amended to read:

DFI-SB 6.01 **Retention of records.** Each savings bank shall retain its records in a manner consistent with prudent business practices and in accordance with this chapter and the other applicable state or federal laws, rules of state agencies, and regulations of federal agencies. Each savings bank shall retain its records for the minimum period specified in the technical publication of the Financial Managers Society, Inc. of Chicago, Illinois, titled "Records Retention Guidelines" and dated 1992. The record retention system utilized must be able to accurately produce such records.

SECTION 64. DFI-SB 6.01 (second note) of the administrative code is repealed.

SECTION 65. DFI-SB 6.03 of the administrative code is amended to read:

DFI-SB 6.03 **Destruction of records.** Except where a longer retention period is required by another state or federal agency having jurisdiction over the savings bank laws, rules, or regulations, a savings bank may destroy its records at the end of the applicable minimum retention period determined under subject to the considerations set forth in s. DFI-SB 6.01. In the destruction of records, the savings bank shall take reasonable precautions to assure the confidentiality of information in the records.

SECTION 66. DFI-SB 6.05 (1) of the administrative code is amended to read:

DFI-SB 6.05 (1) **MICROPHOTOGRAPHY STANDARDS.** Microphotography may be used to commit a savings bank's records to microfilm. The film used shall be of a quality which permits it to be legible for at least the retention periods under s. DFI-SB 6.04 as long as the records are retained.

SECTION 67. Effective dates. This act takes effect on the day after publication, except as follows:

(1) The treatment of section 35.93 (2) (b) 4. and (c) 1. and (3) (e) (intro.) and 1. of the statutes takes effect on January 1, 2015.