

1979 Assembly Bill 271

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CHAPTER 282, Laws of 1979

AN ACT to renumber and amend 186.26 (1); to amend 186.01 (6) and (7) (a) 1.c, 186.015 (2), 186.05 (2) and (7), 186.06 (2), 186.07, 186.09 (4) and (6) (a), 186.112 (1), 186.113 (6), 186.16 (1), 186.32 (2) and 186.35 (2) (a); to repeal and recreate 186.01 (4); and to create 186.26 (1) (b) of the statutes, relating to miscellaneous changes in the credit union statutes.

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

SECTION 1. 186.01 (4) of the statutes is repealed and recreated to read:

186.01 (4) (a) "Risk assets" means investments with maturities in excess of 60 months and loans made by the credit union other than loans excluded under par. (b). Risk assets of central credit unions shall be reduced by an amount equal to member credit union shares.

(b) "Risk assets" does not include first mortgage real estate loans, loans to other credit unions or loans guaranteed by the United States or this state, except to the extent the value of the loan exceeds the value of the guarantee.

SECTION 2. 186.01 (6) of the statutes is amended to read:

186.01 (6) "Deposit account" means an account limited to members and treated as a form of savings. ~~These Deposit~~ Deposit accounts are subject to conditions established by the board of directors. ~~Deposit accounts differ from savings accounts in that a predeclared dividend may be established, and that they have prior claim to savings accounts.~~

SECTION 3. 186.01 (7) (a) 1.c of the statutes, as created by chapter 34, laws of 1979, is amended to read:

186.01 (7) (a) 1.c. Organizations operated primarily to service ~~central and corporate central and otherwise assist~~ credit unions through the national corporate central credit unions union operations; and

SECTION 4. 186.015 (2) of the statutes is amended to read:

186.015 (2) The board shall advise the commissioner, ~~supervisor of credit unions~~ and others in improving the condition and service of credit unions. In addition, the board shall review the acts and decisions of the commissioner in relation to credit unions and shall serve as an appeal board for credit unions with the same procedure and powers as the banking review board has under ch. 220 and perform ~~such~~ other review functions in relation to credit unions as are provided by law. The board may issue subpoenas, take testimony and administer oaths to witnesses.

SECTION 5. 186.05 (2) and (7) of the statutes are amended to read:

186.05 (2) The par value of the shares of capital stock which shall in no event be more than \$25. If the bylaws require a member to purchase one or more shares of capital stock, an amount equivalent to the value of the required number of shares which is deposited by the member in a deposit account of the credit union may be treated as the member's share account;

(7) The time of the annual meeting of members, which shall be held ~~within 90 days after the end of the calendar~~ on or before June 30 in each year;

SECTION 6. 186.06 (2) of the statutes is amended to read:

186.06 (2) Special meetings may be held by order of the directors or the secretary shall call a special meeting upon written request of ~~one-third~~ 21 members or 2% of the members, whichever is greater. Notice of the meeting shall state the purpose of the meeting.

SECTION 7. 186.07 of the statutes is amended to read:

186.07 Directors, credit committee and loan officers. The members shall elect at the first meeting a board of directors consisting of an odd number of directors, however, not less than 5 directors shall be elected. The board of directors shall appoint a credit committee or one or more loan officers or both and such the board may appoint the other officers as it the board determines are necessary. ~~No director may be a member of the credit committee.~~ The directors, officers, committees and employes of the credit union shall be sworn and shall hold their offices until others are elected or appointed, and qualified, in their stead. A record of every ~~such~~ oath administered under this section shall be filed and preserved with the records of the corporation.

SECTION 8. 186.09 (4) and (6) (a) of the statutes are amended to read:

186.09 (4) Approval of loans shall be the responsibility of the credit committee or loan officer, except where application for loans are made by members of the credit committee or the loan officers. No loan shall be made unless approved by the majority of the credit committee or by a loan officer, except that the board of directors shall act on the applications of credit committee members and loan officers, and on applications appealed to it to the board in writing by members.

(6) (a) The board of directors shall determine the policy regarding collateral acceptable for secured loans. Loans to individuals which in the aggregate exceed the amount shown in the schedule below shall be secured by such collateral having a value which, ~~in the opinion of the credit committee or loan officer,~~ is at least equal to any amount exceeding this the limits in the following schedule, except that all loans ~~between \$2,500 and exceeding \$5,000~~ not subject to collateral shall be supported by a sworn financial statement:

1. ~~\$250~~ \$500, in credit unions with assets of less than \$5,000;
2. ~~\$500~~ \$1,000, in credit unions with assets of \$5,000 and less than \$25,000;
3. ~~\$1,000~~ \$2,000, in credit unions with assets of \$25,000 and less than \$100,000;
4. ~~\$2,500~~ \$5,000, in credit unions with assets of \$100,000 and less than \$500,000;

5. ~~\$3,500~~ \$7,000, in credit unions with assets of \$500,000 and less than \$1,000,000;
6. ~~\$5,000~~ \$10,000, in credit unions with assets of \$1,000,000 or more.

SECTION 9. 186.112 (1) of the statutes, as affected by chapter 34, laws of 1979, is amended to read:

186.112 (1) The board of directors may borrow money, from any source, not to exceed 50% of total savings, deposits and reserves, but not for a period longer than 12 months, except that the 12-month period may be extended when approved by the commissioner. This subsection does not apply to national corporate central credit unions. The 12-month limitation under this subsection does not apply to money borrowed by a credit union to acquire credit union property, buildings, remodeling or equipment.

SECTION 10. 186.113 (6) of the statutes is amended to read:

186.113 (6) Provide pension savings programs and deferred income accounts. The guaranty on any pension savings account provided under this subsection shall be \$100,000 on each separate account, and shall not be limited by the maximum protection afforded a member under s. 186.35 (2) (a).

SECTION 11. 186.16 (1) of the statutes is amended to read:

186.16 (1) The board of directors shall establish the dividend period. ~~Such dividends may~~ Dividends shall be considered a normal operating expense of the credit union. Rates of ~~such~~ dividends and terms of payment may be established and guaranteed in advance by action of the board of directors. The board of directors may classify its accounts and declare dividends which may be at variable rates. Savings deposited during the dividend period shall be entitled to an ~~apportionate~~ a prorated part of ~~said~~ the dividend ~~providing said if~~ the savings are on deposit at the close of the period.

SECTION 12. 186.26 (1) of the statutes is renumbered 186.26 (1) (a) and amended to read:

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

SECTION 13. 186.26 (1) (b) of the statutes is created to read:

186.26 (1) (b) In lieu of an annual examination of a credit union under par. (a), the commissioner may accept an audit report of the condition of the credit union made by a certified public accountant not an employe of the credit union in accordance with rules promulgated by the commissioner. The cost of the audit shall be paid by the credit union. A copy of each audit under this paragraph shall be furnished to the Wisconsin credit union savings insurance corporation.

SECTION 14. 186.32 (2) of the statutes is amended to read:

186.32 (2) A central credit union may pay to the accounts of member credit unions dividends on a basis other than that required by this section for other members of a central credit union. ~~Such dividends may~~ Dividends paid under this section shall be considered as a legitimate normal operating expense of the central credit union's operation and rates of such dividends and terms of payment may be established and guaranteed in advance by action of the central credit union's board of directors.

SECTION 15. 186.35 (2) (a) of the statutes is amended to read:

186.35 (2) (a) Aid and assist any member credit union which develops financial difficulties such as insolvency, nonliquidity or liquidation, in order that the savings of any individual member of a member credit union shall be protected or guaranteed to any amount not to exceed \$50,000, on and after the date the amount specified in 12 USC 1787 (c) 1 is increased from \$40,000 to \$50,000, if that increase is made by the 96th U.S. congress, 2nd session, otherwise to any amount not to exceed \$40,000.
