



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2013 Wisconsin Act 277
[2013 Senate Bill 520]

**Modification and Repeal of Statutes
and Administrative Rules Related
to Regulation of State Chartered
Financial Institutions**

2013 Wisconsin Act 277 repeals and amends certain provisions of the Wisconsin Administrative Code relating to the Department of Financial Institutions' (DFI) regulation of State Chartered Credit Unions, Savings and Loan Associations, Savings Banks and Banks.

The Act repeals certain provisions of DFI Office of Credit Unions (OCU) statutes and rules relating to debt cancellation contracts, debt suspension agreements and loan participation agreements and permits OCU to promulgate rules that establish a list of activities and powers that are incidental to the business of a credit union and that are authorized for federally chartered credit unions. OCU may then submit the proposed rule to the Legislative Reference Bureau for publication in the Wisconsin Administrative Register. Normal rules regarding format and review of administrative rules do not apply to rules promulgated under this provision of the Act. OCU may add future activities to the list in the same manner provided that the activity is authorized for federally chartered credit unions prior to its inclusion in the list. DFI must maintain a list of the powers and duties authorized under this provision on the DFI website.

The Act repeals OCU's rules relating to Credit Union Service Organizations and permits a credit union to make investments in certain accounts of insured financial institutions that, in aggregate, exceed the greater of the institution's deposit insurance limit or one-half of the unimpaired balance regular reserve, provided that OCU approves the investment. The Act increases the credit union investment limit for certain institutional investments to \$100,000 per institution from the prior \$50,000 limit. The Act modifies current rules relating to certificates of deposit to apply the rules to all term share accounts. The Act replaces the undefined term "conditional sales contracts" in OCU statutes and rules with the term "interests in credit sales transactions."

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.wisconsin.gov>.

The Act modifies OCU rules to allow OCU to accept, in lieu of a periodic examination, an audit report of a certified public accountant (CPA) who is an employee of the credit union. The CPA's examination must include a determination that the credit union is operating in accordance with generally accepted accounting principles, rather than regular accepted credit union accounting principles as specified in OCU's current rules. The Act also repeals the requirement that the CPA submit additional special reports on OCU forms. The Act repeals OCU's rules requiring credit unions to classify member business loans for which there is a potential loss as substandard, doubtful, or loss and to establish a specified reserve amount for each classified member business loan.

Finally, the Act modifies a number of current statutory and rule provisions regarding the disposal or destruction of certain records held by financial institutions to reflect current technology and recommended retention periods.

Effective date: April 18, 2014.

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