

SECTION 32. Section 183.41 is renumbered subsection (3) of section 196.13 and amended to read:

(196.13) (3) \* \* \* Annually, on or before the first day of December, the commission shall \* \* \* file in the office of the governor a report containing an accurate review of the work of the commission in the administration of \* \* \* *this chapter* for the *preceding* fiscal year; \* \* \* and \* \* \* a schedule of all applications for permits to sell securities, \* \* \* of the permits granted, \* \* \* of the applications rejected, and of \* \* \* permits canceled or revoked; and a statement of the receipts and disbursements of the commission, and such other material information as relates to the work of the office *in the administration of said law*.

SECTION 33. Chapter 756, Laws 1913; chapters 507 and 415, Laws 1915; chapter 674, Laws 1919; chapter 1, Sp. S. 1919; chapter 442, Laws 1921; and chapters 353, 380 and 445, Laws 1923, are repealed.

SECTION 34. This act shall take effect July 1, 1925.

Approved June 26, 1925.

No. 311, S.]

[Published June 29, 1925.

## CHAPTER 382.

AN ACT to amend sections 215.02, 215.05, 215.08, 215.15, 215.20, 215.24, 215.27, 215.28, 215.38, 215.39, 215.41, and 215.45 and to create sections 215.311 and 215.312 of the statutes, relating to building and loan associations.

*The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:*

SECTION 1. Sections 215.02, 215.05, 215.08, 215.15, 215.20, 215.24, 215.27, 215.28, 215.38, 215.39, 215.41, and 215.45 of the statutes are amended to read: 215.02 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 commissioner of banking. *The building and loan supervisor* \* \* \* may with the approval of the commissioner of banking 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 commissioner of banking, and all fees received by him 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.

215.05 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.*

215.08 The capital stock of any such association shall not exceed five million dollars, except that when any association shall have issued stock to the amount of ninety per cent of its authorized capital it may amend its articles of incorporation to provide for an increase of capital not exceeding five million dollars; the same may be divided into two or more classes. Stock in any class may be made issuable at any time or in successive series, in such amount as may be provided in the by-laws, or in the absence of such provision, as the directors may determine. If issued in successive series no series shall exceed five hundred thousand dollars nor one-tenth of the aggregate capital stock. The capital

stock shall be divided into shares of a par value of not less than fifty dollars nor more than two hundred dollars each, payable in periodical instalments, called dues, not exceeding two dollars each per share. When the demand for *legitimate* loans exceeds the income of the association applicable for loans, then the association may issue its paid-up stock to an amount sufficient to meet such demand for loans. When such association shall accumulate funds in excess of its requirements for *legitimate* loans, then such paid-up stock shall be retired in such manner as the by-laws provide or as the board of directors may determine. *No association after the passage of this act shall be permitted to issue paid-up stock in excess of the ratio of two to one of instalment stock book value, provided, however, that any association now exceeding the ratio of two to one shall be required to reduce to that ratio on or before December 31, 1926.*

215.15 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 fifty miles from the office of such association, as the by-laws of each association shall provide, unincumbered 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 pledge. 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. Such mortgage shall have priority over all liens upon the mortgaged 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 six months. If the borrower neglect to offer security satisfactory to the directors, within the time prescribed by the by-laws, his right to a loan shall be forfeited and he shall be charged with one month's interest and premium at the rate bid by him or provided in the by-laws, and any expense incurred. It shall be unlawful for any association, the assets of which do not exceed fifty thousand dollars, to make loans exceeding in the aggregate five thousand dollars \* \* \* to one \* \* \* borrower; if its assets exceed fifty thousand dollars but do not exceed one hundred thousand dollars, it shall be unlawful for it to make loans exceeding in the aggregate seven thousand five hundred dollars \* \* \* to one \* \* \* borrower; if its assets exceed one hundred thousand dollars, but do not exceed two hundred thousand dollars, it shall be unlawful for it to make loans exceeding in the aggregate ten thousand dollars \* \* \* to one \* \* \* borrower; if its assets exceed two hundred thousand dollars, it shall be unlawful for it to make loans exceeding in the aggregate twenty thousand dollars \* \* \* to one \* \* \* borrower. It shall be unlawful for any association to make any loan on property used for manufacturing purposes, or upon any theatre, public hall, church, school building, hotel, or *public garage*.

215.20 Any person of full age and sound mind may become a member of any such association in such manner as may be prescribed in the by-laws; but no person 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 \* \* \* *twenty* thousand dollars; nor of paid-up stock exceeding in par value the sum of ten thousand dollars \* \* \*. Shares may be issued to minors above the age of fourteen 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 fourteen may hold by trustee or guardian. Each member shall have one vote for each share of stock appearing in his name on the books of the association. The by-laws may prohibit voting by proxy.

215.24. \* \* \* Semiannually, or annually, \* \* \* regular dividend paying dates as \* \* \* specified in the by-laws, the gross earnings of the association shall be ascertained from which shall first be deducted the expenses of the association, and from the balance shall be set aside the fund for the payment of contingent losses hereinafter provided for. 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 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 five per cent of the net profits shall be set aside as a fund for the payment of contingent losses, until such fund reaches at least five per cent of the outstanding loans. All losses shall be paid out of such fund until the same is exhausted, and whenever said fund falls below five per cent of the loans aforesaid it shall be replenished by regular appropriations of at least five per cent of the net earnings, as hereinbefore provided, until it again reaches said amount. At the close of each fiscal year, and at such other time as the commissioner of banking or 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 five, three of whom shall be members of the board of directors, and two shall be stockholders, not directors, the duty of which committee shall be to schedule the assets of the association, fix their value and determine any losses which may have been sustained, and make a report of all 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 un-

paid, shall be apportioned according to the number of all shares outstanding, whether instalment or paid-up stock, and the proportionate amount shall be charged to each member.

315.27 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 substantially the following form:

Bond.

Know all men by these presents, that we....., as principal, and.....as suret....., bind ourselves to pay to.....of....., Wisconsin, its successors and assigns, such pecuniary loss not exceeding.....dollars as said obligee shall have sustained of money or other personal property (including that for which said obligee is responsible) by any act or acts of fraud, dishonesty, forgery, theft, embezzlement, wrongful abstraction, or misapplication on the part of said principal, directly or through connivance with others, while (an officer) (in the employ) of said obligee, and during the period commencing ....., 19....., and ending with the termination of this suretyship by the retirement of the principal (as an officer) (from the employ) of the obligee. the discovery of loss hereunder, the cancellation of the suretyship by the obligee or the suret....., or by operation of law.

Provided however:

(1) That loss be discovered during the continuance of this suretyship or within fifteen months next after its termination and notice thereof delivered to the suret.....within ten days after such discovery.

(2) That claim if any, be submitted by the obligee in writing, showing the items and the dates of the losses and delivered to the suret.....within three months after such discovery and the suret.....shall have two months after such claim has been presented in which to verify and to make payment.

(3) This suretyship may be terminated by the suret.....upon thirty days' notice to the obligee and likewise the obligee may terminate this suretyship by notice in writing to the suret.....specifying the date of cancellation.

(4) It is understood and agreed, that the suret.....shall only be liable hereunder for such proportion of the total loss sustained by the obligee as the penalty of this bond shall bear to the total amount of the bonds furnished by the said principal in favor of the said obligee.

In witness whereof, the principal and the suret.....have hereunto set their hands and seals this.....day of....., A. D. 19.....

In presence of :

.....

.....

.....

As to principal

.....

.....

.....

As to suret.....

215.28 Such bonds \* \* \* shall be filed with the commissioner of banking 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 commissioner of banking within ten days after the renewal date. The minute books of each association shall contain a record of each bond executed and approved.

215.38 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 or upon any similar instalment plan 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 ap-

proved by the commissioner of banking 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 commissioner of banking may issue his certificate of authority to said association to transact business in this state.

215.39 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 commissioner of banking, 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 commissioner of banking 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 commissioner.

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

(1) File with the commissioner of banking 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 commissioner of banking 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 commissioner of banking \* \* \* *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 he shall require that every such association shall file in writ-



ing an appointment of the commissioner of banking or his 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 commissioner of banking, shall be deemed sufficient evidence of his 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 commissioner of banking 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 commissioner of banking 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 commissioner of banking 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 commissioner of banking, he shall immediately notify the association of such service by letter and inclose a copy of the process served on him 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 commissioner of banking, *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 he prevail in the suit. The commissioner of banking shall keep a record of all process served on him, which record shall show the day and hour when such service was so made, and all the fees received by him on account of the service of such process shall be paid into the state treasury.

215.45 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 commissioner of banking 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 commissioner, during and until the close of the fiscal year of the association.

SECTION 2. Two new sections are added to the statutes to read: 215.311 The commissioner of banking 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 commissioner of banking. 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 chief examiner of the banking department, and who shall file a corporate surety bond in the amount of ten thousand dollars to be approved by the commissioner of banking.

215.312 On or before the fifteenth day of July, 1925, and on or before the fifteenth day of June of each year thereafter, every building and loan association carrying on business in this state shall be required to pay to the commissioner of banking for supervision and examination as hereinafter provided:

(1) An annual fee of thirty dollars.

(2) In addition to the annual fees each building and loan association shall be required to pay an annual assessment as follows:

(a) Eight cents per thousand for the first million dollars of assets or fraction thereof;

(b) Seven cents per thousand for the second and third million dollars of assets or fraction thereof;

(c) Six cents per thousand for the fourth, fifth and sixth million dollars of assets or fraction thereof;

(d) Five cents per thousand for assets above six million dollars.

(3) All moneys collected or received from the above assessments and fees shall be disposed of as provided in section 20.53.

SECTION 3. This act shall take effect upon passage and publication.

Approved June 26, 1925.