

## CHAPTER 186

## CREDIT UNIONS

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**186.01 Credit union defined.** The words "credit union" shall mean a corporation formed under the provisions of this chapter for the purpose of promoting thrift among its members and loaning its funds to them for provident purposes. The capital of such corporation shall be unlimited in amount.

**186.015 Credit union review board.** (1) The commissioner of banking shall confer with the credit union review board on matters affecting credit unions and his office. Detailed minutes of each board meeting shall be kept, and the decision of the board with reference to all orders issued, or policies established by the commissioner of banking pursuant to ch. 186 are final except for judicial review as provided in ch. 227.

(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.

(3) The commissioner shall employ a competent person as supervisor of credit unions for the supervision and examination of credit unions under the direction and control of the commissioner. No person is eligible to such appointment

unless he has had at least 3 years' actual experience either in conducting a credit union or serving in the credit union supervisory department of this or some other state. He shall furnish a corporate surety bond in accordance with s. 220.025.

**186.02 Incorporation, amendment, fees.** Seven or more citizens of this state may organize a credit union by filing with the commissioner of banking articles of association in duplicate, stating the name, location and purpose of the corporation, the par value of its shares, and the names, residences and occupations of the incorporators, and paying a fee of \$5 to the commissioner. A verified copy of the bylaws adopted by the incorporators shall be filed with the articles. If the commissioner approves the articles and bylaws, he shall return one duplicate original of the articles to the incorporators with his approval indorsed thereon, and they shall cause the same to be recorded within 30 days in the office of the register of deeds of the county in which said corporation is to be located, and the corporation shall have no legal existence until its articles are so left for record. The register of deeds shall transmit to the commissioner a certificate stating the date when such articles were left for record, and the commissioner shall issue to the corporation a certificate of incorporation. Approval of the articles and bylaws shall be discretionary with the commissioner. If the commissioner refuses to approve the articles and bylaws and the applicants feel aggrieved at such decision they may appeal to the credit union review board and the deci-

sion of said board shall be final except for judicial review as provided in ch. 227. Amendments to the articles adopted by a vote of two-thirds of the members of the corporation present at an annual meeting or a special meeting called for that purpose may be filed with the commissioner upon payment of a fee of \$5, and if approved by him shall become effective upon being recorded in the office of the register of deeds in the same manner as the original articles. All amendments to the bylaws shall be filed with the commissioner and shall become operative only when approved by him.

**186.03 Use of name exclusive.** No person, partnership, association or corporation, except corporations formed under the provisions of this chapter, shall hereafter transact within this state the business authorized by this chapter, nor any business whatever under any name or title which includes the two words "credit" and "union", except that any organization whose membership is made up of credit unions may use the name, with the consent of the commissioner of banking. Violation of this section may be enjoined at the instance of the commissioner or of any credit union, and shall in addition be a misdemeanor punishable as provided in section 224.03 of the statutes.

**186.04 Examination and supervision fees.** (1) The commissioner of banking, with the approval of the credit union review board, shall fix the amounts to be assessed against credit unions for their supervision and the examination under and by virtue of this chapter. Such amounts shall be determined and paid as provided in this section.

(2) On or before July 15 of each year, each credit union shall pay to the office of the commissioner of banking an annual fee to be determined as provided in sub. (1), which shall represent as nearly as practicable its fair share of the maintenance of the credit union division of the office of the commissioner of banking.

(3) In addition to the annual fee, each credit union shall be assessed for the cost of every examination made, which cost shall be determined as provided in subsection (1) and shall include the pro rata amount of salaries and expenses of all examiners and other employes actively engaged in such examination, the salaries and expenses of any other person whose services are required in connection with such examination and any reports thereof, and any other expenses which may be directly attributable thereto. Any charge so made shall be paid within 30 days from the date the credit union receives notice of the assessment of such fee.

(4) Failure of any credit union to pay any amount as herein provided shall be grounds for the revocation of the charter of the credit union failing to make such payment.

(5) In the event that the amounts collected pursuant to this provision are in excess of the actual amounts necessary for the supervision and examination of credit unions in each year, such excess shall be retained by the commissioner and applied by him in reducing the amounts chargeable for ensuing years.

**186.05 Bylaws.** The bylaws shall prescribe:

(1) The conditions of residence or occupation which qualify persons for membership;

(2) The par value of the shares of capital stock which shall in no event be more than \$5;

(3) The conditions on which shares may be paid in, transferred and withdrawn, the entrance fee to be paid by new members;

(4) The method of receipting for money paid on account of shares;

(5) The number of directors and number of members of the credit committee;

(6) The duties of the several officers;

(7) The time of the annual meeting of members, which shall be held within 90 days after the end of the calendar year;

(8) The manner in which members and directors shall be notified of meetings;

(9) The number of members which shall constitute a quorum at meetings, and

(10) Such other regulations as may seem necessary.

**186.06 Fiscal year, membership, meetings, powers.** The fiscal year of every such corporation shall end at the close of business on December 31. The incorporators may pass upon and accept applications for membership until the first meeting of the members is held, and shall call such first meeting as soon as 10 persons have been admitted to membership. Special meetings may be held by order of the directors, and the secretary shall call special meetings upon request in writing by 33 1/3 per cent of the members. No person shall be entitled to vote who has not been a member for more than 3 months, but this restriction shall not apply during the first 12 months of the existence of the corporation, nor shall any member vote by proxy, or have more than one vote. Shares may be issued in joint tenancy with any persons designated by the credit union member. The person first named in any such joint account shall be a member of the credit union. Any nonmember named in such joint account shall not acquire the right to vote, obtain loans or hold office because of his inclusion in such joint ac-

count. At any meeting, the members may decide upon any question of interest to the corporation; and upon appeal of 2 members, may reverse decisions of the credit committee or board of directors; and, by a three-fourths vote of those present, provided the notice of the meeting shall have specified the questions to be considered, may amend the by-laws or remove any officer or member of the credit committee or board of directors and fill the vacancy caused by such removal.

**186.07 Directors, credit committee.** At the first meeting, and thereafter at each annual meeting, the members shall elect a board of directors of not less than 5 members and a credit committee of not less than 3 members. No member of said board shall be a member of said committee and all members thereof, as well as all officers whom they may elect, shall be sworn and shall hold their several offices until others are elected and qualified in their stead; and a record of every such qualification shall be filed and preserved with the records of the corporation.

**186.08 Officers, management.** At their first meeting the board of directors shall elect from their number a president, a vice president, a secretary and a treasurer, who shall be the executive officers of the corporation. The board of directors shall have the general management of the affairs, funds and records of the corporation, and shall meet as often as may be necessary. It shall be their special duty:

- (1) To act upon all applications for membership;
- (2) To act upon the expulsion of members;
- (3) To fix the amount of surety bond which shall be required of each officer having custody of funds;
- (4) To fill vacancies in the board of directors or executive offices or in the credit committee in such manner as the by-laws prescribe;
- (5) To make recommendations to meetings of the members relative to matters which, in their opinion, the members should decide.

**186.09 Loans.** (1) The credit union may make loans to members for such purpose and upon such terms as the credit committee approves, at rates of interest not to exceed one per cent per month on the unpaid balance.

(2) The credit committee, with the approval of the board of directors, may appoint one or more loan officers to act in its behalf. Loan officers may not approve loans which by law require collateral, except where a certificate of authority for such loans has been granted by the commissioner of banking. Each loan officer shall furnish

to the credit committee a record of each loan approved or not approved by him within 7 days of the date of the filing of the application. All loans not approved by the loan officer shall be acted upon by the credit committee. The applicant for a loan may appeal the decision of the credit committee to the board of directors.

(3) Every application for a loan shall be in writing and shall state the purpose for which the loan is desired and the security or collateral offered, if any.

(4) Approval of loans shall be the responsibility of the credit committee or its loan officers, 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 applications appealed to it by members.

(5) No loans shall be made to any member in excess of \$100 or 10% of the credit union's assets, whichever is greater; plus the balance of his share account pledged as security for such loan, but these limitations shall not apply to loans made to member credit unions by a central credit union.

(6) (a) Loans to individuals which in the aggregate exceed the amounts shown in the schedule below shall be secured by collateral having a value which, in the opinion of the credit committee or loan officer, is at least equal to any amount exceeding this schedule:

1. \$250, in credit unions with assets of less than \$5,000;
2. \$500, in credit unions with assets of \$5,000 and less than \$25,000;
3. \$750, in credit unions with assets of \$25,000 and less than \$50,000;
4. \$1,000, in credit unions with assets of \$50,000 or more.

(b) This subsection does not preclude the credit committee or loan officer from requiring security on any loan. Where such loans are secured by one or more co-makers, such co-makers shall furnish the credit union with written evidence of financial responsibility.

(7) The commissioner of banking may establish rules increasing the loan limits specified in sub. (6).

(8) The credit committee may approve in advance upon its own motion or upon application by a member, an extension of credit, and loans may be granted to such member within the limit of such extension of credit. Where an extension of credit has been approved, applications for loans need no further consideration as long as the aggregate obligation does not exceed the

limit of such extension of credit. The credit committee shall, at least once a year, review all extensions of credit and any extension of credit shall expire if the member becomes more than 90 days delinquent in his obligations to the credit union.

(9) A borrower may pay the whole or part of his loan on any day the credit union is open for business.

(10) Loans to members secured by first mortgages on real estate may be made subject to the rules prescribed by the commissioner of banking.

**186.10 Minors' rights.** Shares may be issued in the name of a minor, and may, in the discretion of the directors, be withdrawn by such minor or by his parent or guardian, and in either case payments made on such withdrawals shall be valid. No minor under 16 years shall be entitled to vote in the meetings of members either personally or by his parent or guardian. If shares are held in trust the name and residence of the beneficiary shall be disclosed and the account shall be kept in the name of such holder as trustee for such person. If no other notice of the existence and terms of such trust has been given in writing to the corporation, such shares may, upon the death of the trustee, be withdrawn by the person for whom the amount of such shares was paid in or by his legal representative.

**186.11 Investments.** (1) IN GENERAL. Subject to the approval of the board of directors, any funds not required for the purpose of loans may be deposited to the credit of the corporation in banks or trust companies incorporated under the laws of this state, or in national banks located therein, or may be invested in the shares of a central credit union, subject to the provisions of the bylaws of such central credit union, or invested in U. S. government securities, or municipal bonds issued by municipalities of this state, and may, with the approval of the commissioner of banking, be invested in securities other than those hereinbefore specified.

(2) CREDIT UNION OFFICE BUILDING. With the approval of the commissioner of banking a credit union may invest not exceeding an amount equivalent to one-half of its guaranty fund for the purchase or construction of a building to be occupied as its office.

**186.112 Credit union borrowing.** (1) If the cash available be insufficient to make the loans approved by the credit committee or if the requests for withdrawal exceed available cash it shall be lawful for the board of directors to borrow money, from any source, not to exceed 25

per cent of the total assets but not for a longer period than 6 months, except that such period may be extended when approved by the commissioner of banking.

(2) Credit unions with the approval of the commissioner of banking may also loan surplus funds to other credit unions subject to the restrictions contained in this section.

**186.119 Appointment of organizers and examiners; eligibility.** (1) The commissioner of banking shall employ in the office of the commissioner of banking one or more competent persons for the organization and examination of credit unions, who shall be under the direction and control of the commissioner. No person shall be eligible for such appointment unless he shall have had at least 3 years' actual experience in the business of conducting a credit union, or has served an equal length of time in the office of the commissioner of banking, in connection with the credit union movement, of this or some other state, and who shall furnish corporate surety bonds in accordance with s. 220.025.

(2) The commissioner may also employ such additional office and clerical help and examiners as are necessary to carry out his functions under chapter 186.

**186.12 Compensation of officers, sureties, operation expenses.** No member of the board of directors shall receive any compensation for his services as a member of said board, nor shall any member of the credit committee, either directly or indirectly become surety for any loan or advance made by the corporation. The officers elected by the board of directors and the members of the credit committee may receive such compensation as said board shall authorize, but the expenditures of the corporation for all purposes shall be paid from its earnings.

**186.13 Expulsion.** The board of directors may expel from the corporation any member who has not carried out his engagements with the corporation, or has been convicted of a criminal offense, or neglects or refuses to comply with the provisions of this chapter or of the by-laws, or whose private life is a source of scandal, or who habitually neglects to pay his debts, or shall become insolvent or bankrupt, or shall have deceived the corporation with regard to the use of borrowed money; but no member shall so be expelled until he has been informed in writing of the charges against him, and an opportunity has been given to him, after reasonable notice, to be heard thereon. Any member

may withdraw from the corporation by giving written notice to the secretary.

**186.14 Expelled member, rights and liabilities.** The amounts paid in on shares by members who have withdrawn or have been expelled shall be paid to them, but in the order of withdrawal or expulsion and only as funds therefor become available and after deducting any amounts due by said members to the corporation; but such expulsion or withdrawal shall not operate to relieve a member from any remaining liability to the corporation.

**186.15 Examining.** Immediately after the annual meeting of the members and election of officers, the president shall appoint, subject to confirmation by the board of directors at their next following meeting, an examining committee of 3. This examining committee shall have full authority to examine any or all records at any time they desire and it shall be the duty of said committee to make thorough examinations of cash on hand and in the bank, receipts, disbursements, income, expenses, assets and liabilities, at least semiannually. Said committee shall report its activities and recommendations to the board of directors periodically and to the membership at the annual meeting. The complete report of this committee shall be read at the annual meeting and shall be filed and preserved with the records of the corporation.

**186.16 Dividends.** Quarterly, semiannually or annually the gross earnings shall be ascertained and from this amount shall be set aside the amount required for the guaranty fund provided in section 186.17. From the balance shall be deducted the expenses of the credit union. Out of the remainder a dividend may be declared by the board of directors. Such dividends shall be paid on all paid up shares outstanding at the end of the dividend period. Shares which become fully paid up during the dividend period shall be entitled to a proportionate part of said dividend providing said shares shall be on deposit at the close of the period for which dividend is declared. No dividend shall be paid on shares withdrawn during the dividend period. Dividends due to a member shall be paid in cash or credited to the account of the member, the same as payments on shares.

**186.17 Guaranty fund.** Immediately before the payment of each dividend, the gross earnings of the corporation shall be determined and there shall be set apart as a guaranty fund at least 10 per cent of the gross income which has accumulated during the period until such fund equals 10 per cent of the total assets; except that

when the guaranty fund is less than 10 per cent of the total assets, the commissioner of banking may in his discretion increase the amount of gross income proportioned to this reserve and may order the transfer of any reserves and undivided earnings to the guaranty fund. Such fund and the investments thereof shall belong to the corporation and shall be held to meet contingencies or losses in its business. Whenever the fund falls below 10 per cent of the assets aforesaid, it shall be replenished by regular appropriations in such amounts and in such percentages as the commissioner shall order until the fund shall again equal 10 per cent of the total assets. Upon recommendation of the board of directors, the members at an annual meeting may increase the proportion of income to be set apart as a guaranty fund.

**186.18 Dissolution.** Upon the unanimous recommendation of the board of directors the members may vote to dissolve the corporation provided that at least two-thirds of the members vote by ballot in person or by letter or other written communication in favor of dissolution, and provided not more than 10 members either in person or by written notice, object thereto. A committee of 3 shall thereupon be elected to liquidate the assets of the corporation, and each share of the capital stock, according to the amount paid in thereon, shall be entitled to its proportion of the proceeds after the debts of the corporation have been paid. The committee in charge of liquidation shall have the power and authority to sell or dispose of the assets in whole or in part at a public or private sale subject to confirmation by the board of directors and the office of the commissioner of banking.

**186.19 Credit union officers bonded.** (1) As a condition precedent to qualification or entry upon the discharge of his duties, every person appointed or elected to any position requiring the receipt, payment or custody of money or other personal property owned by a credit union or in its custody or control as collateral or otherwise, shall give a bond in some responsible corporate surety company, licensed to do business in this state, in such adequate sum as the directors shall require and approve. In lieu of individual bonds the commissioner may accept a schedule or blanket bond which covers all of the officers and employees of any credit union whose duties include the receipt, payment or custody of money or other personal property for or on behalf of the credit union. All such bonds shall be in the form prescribed by the commissioner of banking.

(2) No officer or employe who is required to give bond shall be deemed qualified nor shall be permitted to enter upon the discharge of his duties until his bond shall have been approved by a majority of the board of directors. Such bonds shall be filed with the commissioner of banking within 10 days next after approval thereof by the board of directors. The minute books of each credit union shall contain a record of each bond executed and approved.

(3) Such bond shall be sufficient in amount to protect the credit union from loss by reason of acts of fraud or dishonesty including forgery, theft, embezzlement, wrongful abstraction or misapplication on the part of the person, directly or through connivance with others. At any time the commissioner may require additional bond or security, when, in his opinion, the bonds then executed and approved are insufficient.

(4) Every such bond shall also include the following provisions:

(a) No cancellation or other termination of this bond shall be effective unless the surety gives in advance at least 10 days' written notice by registered mail to the commissioner of banking of Wisconsin. If this bond is canceled or terminated at the request of the insured (employer) this provision nevertheless shall apply, it being the duty of the surety to give the required written notice to the commissioner of banking of Wisconsin, such notice to be given promptly and in any event within 10 days after the receipt of such request.

(b) The surety agrees to furnish the commissioner of banking of Wisconsin a copy of all riders and indorsements executed subsequently to the effective date of this bond.

(5) For reasons which he deems valid and sufficient the commissioner may waive as to the cancellation or termination of any such bond the 10-day written notice in advance required by subsection (4) (a) and may give his written consent to the termination or cancellation being made effective as of a date agreed upon and requested by the surety and credit union.

(6) The provisions required by subsection (4) to be in every such bond shall not in any way modify, impair or otherwise affect or render invalid a provision therein to the effect that the bond shall terminate as to any person covered thereby upon the discovery by the credit union of any dishonest act on the part of such person.

**186.20 Public policy as to small loans.** It is declared to be the public policy of this state to develop and encourage means and agencies to promote thrift and to provide people of good character but small resources with credit when

in need thereof at the lowest economically feasible rate.

**186.21 Credit unions promoted.** (1) It shall be the duty of the office of the commissioner of banking to promote the extension of credit at the lowest possible rates and cooperate with every group of people who may be or may become interested in the formation and development of a credit union in this state for that purpose, and it may do all things reasonably necessary for the discharge of this duty.

(2) The office of the commissioner of banking shall carry on advertising of whatever character is most suitable and effective to acquaint the people of this state with the agencies and organizations dealing in consumer credit, and of the rates of interest, the condition of loans, the benefits and safeguards and the savings features of each such type, agency and organization.

(3) The office of the commissioner of banking shall further offer without charge to any group, either joined in a credit union or considering such an organization, whatever advice and direction on accounting practice and managerial problems that may be needful.

(4) The office of the commissioner of banking shall provide application blanks, model bylaws, and whatever other material may be needful or helpful in the organization, efficient functioning and expansion of credit unions.

**186.22 Credit union finance corporation; incorporation; organization certificate.** (1) ORGANIZATION. When authorized by the commissioner of banking, 10 or more credit unions, the aggregate resources of which shall not be less than \$50,000, may form the "Credit Union Finance Corporation." Each of such credit unions shall subscribe, acknowledge and submit to the commissioner an organization certificate in duplicate which shall specifically state:

(a) The name "Credit Union Finance Corporation."

(b) The place in the state where its business is to be transacted.

(c) The number of shares for which each credit union has subscribed, which shall amount in the aggregate to not less than \$200.

(d) The number of directors of such credit union finance corporation, which shall not be less than 7, and the names of the persons who shall be its directors until the first annual meeting. The certificate shall recite that the directors possess the qualifications specified in sub. (10).

(e) The name and location of the business office of each credit union subscribing the certificate and the aggregate resources of each such credit union.

(2) **PROPOSED BYLAWS.** The incorporators shall subscribe and acknowledge and submit to the commissioner of banking proposed bylaws in duplicate, which shall prescribe the manner in which the business of such credit union finance corporation shall be conducted with reference to the following matters:

(a) The date during the month of February 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 sub. (10); 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 4.

(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 credit union finance corporation.

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

(f) The transfer of membership, subject to the limitations of sub. (8).

(g) The manner in which the bylaws may be altered or amended.

(3) **WHEN CORPORATE EXISTENCE BEGINS; CONDITIONS PRECEDENT TO COMMENCING BUSINESS.** When the commissioner of banking shall have indorsed his approval on the organization certificate, the corporate existence of the credit union 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 credit union finance corporation shall transact no other business until:

(a) Subscriptions to its shares aggregating \$2,000 shall have been paid in cash and an affidavit stating that such subscriptions have been so paid, subscribed and sworn to by its 2 principal officers, shall have been filed with the secretary of state and a certified copy thereof in the office of the commissioner of banking.

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

(4) **GENERAL POWERS.** In addition to the powers conferred by the general corporation law the credit union finance corporation shall, subject to the restrictions and limitations con-

tained in this section and its bylaws, have the following powers:

(a) To issue, sell and redeem bonds and notes secured by bonds and first mortgages made to or held by member credit unions.

(b) 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 associations, corporations or persons for the withdrawal of such money or property, with any increase thereof, or for the payment to them or to any association, corporation or person of any sum of money, at any time, either fixed or uncertain; to lend money to credit unions upon the security of their promissory notes with or without collateral.

(c) To invest its capital and other funds in bonds and notes of the United States, the state of Wisconsin, and the political subdivisions of this state.

(d) To receive by assignment from its members and to deposit in trust with the commissioner of banking to be held by him as security for its and their outstanding obligations any first mortgages on real estate and the bonds secured thereby and such other securities as are provided for in section 186.11 and are legally receivable by credit unions; to empower such credit unions as agents of the credit union finance corporation to collect and immediately pay over to the credit union the dues, interest and other sums payable under the terms, conditions and covenants of the bonds and mortgages or, prior to a default upon any such bond and mortgage so assigned and when adequate security has been given to the credit union finance corporation, by any such credit union, to retain such collections until a payment to the credit union finance corporation from such credit union becomes due; to return to, or permit such credit unions to retain any sums of money so collected in excess of the amount required to meet the obligations of such credit unions respectively.

(e) 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 busi-

ness, and such as it shall purchase at sales under judgments, decrees or mortgages held by it.

(f) 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.

(g) With the advice and approval of the commissioner, to become a member of 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 credit unions to utilize their resources and credit, or to borrow from such finance or credit corporation, in either case, in an amount not exceeding in the aggregate amount two-fifths of the assets on hand.

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

(5) RESTRICTIONS UPON THE POWERS OF THE CREDIT UNION FINANCE CORPORATION. The credit union finance corporation shall not:

(a) Do a general deposit business.

(b) Receive from its members bonds and mortgages if the amount secured by any such mortgage is in excess of 60 per centum of the appraised value of such real estate.

(c) Invest more than 25 per centum of its surplus in real estate occupied, or to be occupied, by it for office purposes, without the written approval of the commissioner of banking.

(d) Incur any indebtedness upon bonds and notes in excess of 20 times the amount of its capital, nor issue bonds on behalf of any of its members in excess of 20 times the amount of the shares of such capital held by such member or in excess of 80 per centum of the value of the collateral security pledged therefor to such credit union finance corporation.

(6) ISSUING OF BONDS. Bonds shall be issued in series of not less than \$10,000. All bonds issued by the credit union finance corporation may be called on any interest day at 102 1/2% and interest by publishing a class 1 notice, under ch. 985, not less than 60 days prior to said day. Any member credit union which is not indebted for borrowed money to any other bank or trust company which does business exclusively with the credit union finance corporation shall submit a schedule of assets from time to time as the board of directors of such finance corporation shall require. Any member credit union which may have a loan from any other banking institution may borrow money from such credit union finance corporation upon pledging therefor such amount of its mortgages with the bonds secured thereby as collateral security for bonds issued on its behalf as the com-

missioner of banking and the board of directors of such credit union finance corporation may require; provided that the aggregate of all loans made by such credit union shall not exceed 40% of its assets as provided in s. 186.11. The amortization payments upon all mortgages accepted by the credit union finance corporation as collateral security for bonds shall be sufficient to liquidate the debt in a period not exceeding 40 years. In the event of any default for more than 90 days in the payment of the principal of, or for more than 90 days in the payment of any instalment of interest upon, any of said bonds, the commissioner may, of his own motion, and shall, upon the request in writing of the holders of said bonds in default to the amount of \$10,000, forthwith take possession of and proceed to liquidate the credit union finance corporation. Upon such liquidation it shall be entitled in the name of the credit union finance corporation to enforce all of its rights and securities and to collect and realize upon all of its assets, including all mortgages assigned to said credit union finance corporation by the several member credit unions, and deposited with the state treasurer, up to the amounts advanced by the credit union finance corporation to the several member credit unions thereon. Upon any such liquidation all said bonds then issued and outstanding shall forthwith become due and payable equally and ratably out of all the assets of said credit union finance corporation in advance of any other debts thereof not specifically preferred by law.

(7) GUARANTY FUND. The credit union finance corporation shall accumulate from its net 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 15 per centum of such capital.

(8) MEMBERSHIP; TRANSFER OF SHARES. (a) Every member shall pay \$200 for each share of the capital of the credit union finance corporation issued to it, provided that no credit union shall subscribe for or hold shares of such capital to an amount in excess of 10 per centum of the resources of such association.

(b) Such shares shall not be transferable, except that a member, who is not liable to the credit union finance corporation for any obligation, direct or contingent, may transfer its shares therein to another credit union, by and with the consent of the board of directors of the credit union finance corporation; or it may retire from membership and receive back such sums as it has paid for its shares, but no withdrawal shall be permitted by the board of directors, which

shall reduce the total amount of the capital of the credit union corporation below \$50,000.

(9) **COMMISSIONS AND PAYMENT OF EXPENSES.** The credit union finance corporation may charge each member an annual commission, not to exceed one-half of one per centum, upon the outstanding debenture bonds issued in its behalf, provided that the rate of commission in any year shall be the same on all outstanding bonds; or in lieu of charging such commission the expenses incurred on account of any debenture bond issued may be charged to the credit union on whose behalf such bonds are issued, and the general expenses of the credit union finance corporation assessed against the members in proportion to the bonds issued for them.

(10) **QUALIFICATIONS AND DISQUALIFICATIONS OF DIRECTORS; BOND.** All of the directors of the credit union 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 credit union 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 credit union, shall cease to be a director of the credit union 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 credit union finance corporation in an amount commensurate with their liability, as approved by the commissioner of banking.

(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 credit union 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 credit union which nominated him of shares in value of not less than \$100, or other shares of the withdrawal value of \$100, 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 commissioner of banking.

(12) **CHANGE OF NUMBER OF DIRECTORS.** The members of the credit union 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 credit union 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 credit union 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 credit union finance corporation, for the election of directors, shall be held at its principal place of business in February 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 credit union finance corporation 15 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 credit union finance corporation.

(15) **PREFERENCE OF CREDIT.** All the property of any bank, trust company or credit union which shall become insolvent shall be applied by the trustees, assignees or receivers thereof or by the commissioner of banking in the first place to the payment in full of any sum or sums of money deposited therewith by the credit union finance corporation or due to the credit union 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) **CREDIT UNION FINANCE CORPORATION AND ITS DEBENTURES NOT LIABLE FOR TAXATION.** (a) The debentures issued by the credit union finance corporation and the credit union finance corporation itself, together with its capital, accumulations and funds, shall have the same exemption from taxation as credit unions. No law which taxes corporations in any form, or the shares thereof, or the accumulations therein, shall be deemed to include the credit union finance corporation or its issues of debenture bonds unless they are specifically named in such law.

**186.23 Rules and regulations.** The commissioner shall, with the approval of the credit union review board, issue orders prescribing reasonable rules and regulations in conducting the business of credit unions 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 credit union or corporation.

**186.24 Removal of officials of credit union; procedure.** (1) Whenever the commissioner of banking is of the opinion that the loaning, investing or other policies and practices of any officer, director or committeeman of any credit union have been prejudicial to the best interest of such credit union or its investors, or that such policies or practices, if put into operation or continued, will endanger the safety or solvency of said credit union or impair the interest of its investors, the commissioner may request the removal of such officer, director or committeeman. Such request shall be served on the credit union and on such officer, director or committeeman in the manner provided by law for serving a summons in a court of record, or shall be transmitted to the credit union and the officer, director or committeeman by registered mail, with return receipt requested. Such request shall specify the reasons for the removal of such officer, director or committeeman, and also shall advise such officer, director or committeeman relative to his rights to a hearing before the credit union review board as provided in this section. A copy of such request for removal shall be transmitted to each member of the credit union review board at the same time such request is being served upon the credit union and officer, director or committeeman involved. If such request for removal is not complied with within a reasonable time fixed by the commissioner, he may by order, with like approval of the credit union review board, remove such officer, director or committeeman, but no order for removal shall be entered until after an opportunity for a hearing before the credit union review board is given such officer, director or committeeman upon not less than 10 days' notice. An order for removal shall take effect as of the date issued.

(2) Any removal under this section shall be effective in all respects the same as if made by the board of directors or stockholders of said credit union. Any officer, director or committeeman removed from such office under the provisions of this section shall not be re-elected as an officer, director or committeeman of any credit

union without the approval of the commissioner and advisory committee.

**186.25 Supervision; reports.** All credit unions 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 commissioner of banking. Every such corporation, on December 31 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 commissioner may prescribe, and shall file with him a true and verified copy thereof on or before February 1 thereafter. Accompanying the same shall be attached a copy of the statement of the credit union at the close of its last fiscal year. If any such credit union shall fail or refuse to furnish the report herein required it shall be subject, at the discretion of the commissioner, to a forfeiture of \$1 to \$10 per day for each and every day of default, and the commissioner may maintain an action in the name of the state to recover such penalty, and the same shall be paid into the state treasury.

**186.26 Examinations.** At least once each year, the commissioner of banking shall make or cause to be made an examination into the affairs of all such credit unions and for that purpose the commissioner or the examiners appointed by him 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 5 or more members, they guaranteeing the expense of the same. 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.

**186.27 Bookkeeping; commissioner may prescribe.** Whenever it shall appear to the commissioner of banking that any credit union operating in this state does not keep books and accounts in such manner as to enable him to readily ascertain the true condition of such credit union, he may require the officers of such credit union or any of them to open and keep such books or accounts as he may in his discretion determine and prescribe for the purpose of keeping accurate and convenient records of the transactions and accounts of such credit union.

**186.28 Forfeiture for failure to obey commissioner.** Any credit union that refuses or neglects to open and keep such books or accounts as may be prescribed by the commissioner of banking shall be subject, at the discretion of the commissioner, to a forfeiture not to exceed \$10 per each day it neglects and fails to open and keep such prescribed books and accounts. Whenever any credit union fails or refuses to pay the forfeiture hereunder imposed for failure to open and keep such books or accounts, the commissioner is authorized to institute proceedings.

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

- (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 commissioner; 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 credit union the commissioner of banking shall forthwith:

- (a) Serve a notice in writing upon the president and secretary of said credit union setting forth therein that he has taken possession and control of the business and property of said credit union. 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 credit union is located together with proof of service.
- (b) Give notice to all individuals, partnerships, corporations and associations known to the commissioner to be holding or in possession of any assets of such credit union.

(c) The commissioner may appoint one or more special deputy commissioners as agent to assist in the duty of liquidation and distribution of the assets of one or more credit unions of whose business and property the commissioner shall have taken possession pursuant to the provisions of this chapter. A certificate of such appointment shall be filed in the office of the commissioner and a certified copy in the office of the clerk of the circuit court for the county in which such credit union is located. The commissioner 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 credit union, and may retain such of the officers or employes of such credit union as he deems necessary. The special deputy commissioner and assistants shall furnish such security for the faithful discharge of their duties as the commissioner 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 commissioner and an order obtained from the circuit court of the county in which said credit union is located as hereinafter provided.

(d) Upon taking possession of the property and business of such credit union, the special deputy commissioner is authorized to collect all moneys due to such credit union, 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 commissioner and upon order of the circuit court of the county in which such credit union 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 credit union 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.

(3) **NOTICE, ALLOWANCE AND PAYMENT OF CLAIMS.** The special deputy commissioner shall cause a class 3 notice, under ch. 985, to be published, calling on all persons who may have claims against such credit union, to present the same to the special deputy commissioner 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 credit union. 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 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 equitably applicable thereto.

(4) **INVENTORY OF ASSETS AND STATEMENT OF LIABILITIES.** Upon taking possession of the property and assets of such credit union, the special deputy commissioner shall make an inventory of the assets of such credit union, in duplicate, one to be filed in the office of the commissioner of banking and one in the office of the clerk of circuit court for the county in which such credit union is located. Upon the expiration of the time fixed for the presentation of claims, the special deputy commissioner 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 commissioner of banking, and one in the office of the clerk of circuit court for the county in which such credit union 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 credit union 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 commissioner of banking prescribes, and shall be made pursuant to s. 186.30 (1) and (3), or in such other manner as the commissioner may prescribe. Upon the approval of such value by the commissioner and the circuit court of the county in which such credit union 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 credit union feel aggrieved by such determination of value, he may at any time within 15 days after the mailing of a notice by the com-

missioner, addressed to the last-known address of such party, giving notice of such determination and value of such shares, appeal to the supreme court.

(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 commissioner of banking, subject to the approval of the circuit court for the county in which such credit union is located, and shall upon the certificate of the commissioner be paid out of the funds of such credit union. Expenses of supervision and liquidation shall include the cost of the service rendered by the credit union division of the office of the commissioner of banking to the credit union being liquidated and shall be determined from time to time by the commissioner and shall be paid to the office of the commissioner of banking from the assets of the credit union as other expenses of liquidation are paid. The moneys collected by the special deputy commissioner 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) **LIQUIDATING DIVIDENDS.** At any time after the expiration of the date fixed for the presentation of claims, the special deputy commissioner in charge of the liquidation of such credit union may, upon a petition approved by the commissioner of banking and an order of the circuit court of the county in which such credit union 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 COMMISSIONER.** Immediately upon filing the notice as provided for in subsection (2), the possession of all assets and property of such credit union of every kind and nature, wheresoever situated shall be deemed to be transferred from such credit union to, and assumed by the commissioner of banking; 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 commissioner. Such filing shall also operate as a bar to any attachment, garnishment, execution or other legal proceedings against such credit union, or its assets and property, or its liabilities.

(9) **EFFECT OF POSSESSION.** No credit union shall have a lien, or charge for any payment,

advance or clearance made, or liability thereafter incurred, against any of the assets of the credit union of whose property and business the commissioner of banking shall have taken possession.

(10) **APPEAL.** Whenever any such credit union, whose property and business the commissioner of banking has taken possession of, as aforesaid, deems itself aggrieved thereby, it may, at any time within 10 days after such taking, appeal to the credit union review board for relief from such possession by the commissioner. In the event the credit union review board sustains the commissioner, the said credit union may then at any time within 10 days after the decision of the credit union review board, apply to the circuit court of the county in which such credit union is located to enjoin further proceedings; and said court, after citing the commissioner 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 commissioner from further proceedings, and direct it to surrender such business and property to such credit union.

(11) **REINSTATEMENT.** Whenever the commissioner shall have taken over the possession and control of the business and property of any credit union the same may resume business when and if:

(a) The owners of at least two-thirds of such credit union dollar value of outstanding shares, execute a petition to such effect, the form of which shall be prescribed by the commissioner, and

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

(c) The commissioner recommends that control of the business and property of such credit union be returned to the shareholders, and

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

(12) **REINSTATEMENT UPON RESTRICTED BASIS.** Such credit union may also resume business upon a restricted basis, and upon such limitations and conditions as may be prescribed by the commissioner when approved by the circuit court in and for the county in which such credit union is located, upon application of the commissioner. 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 credit union shall thereupon be relieved from the control and supervision of the commissioner as provided in this section, but nothing herein shall, in any manner, prohibit the commissioner from again proceeding against such credit union 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 for 6 months after the order for final distribution shall be by him deposited in one or more state banks, to the credit of the commissioner of banking in his name, in trust for the several shareholders and creditors. The commissioner shall include in his annual report to the governor the names of credit unions 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 commissioner of banking may pay over the moneys so held by him to the persons respectively entitled thereto, upon being furnished satisfactory evidence of their right to the same. In case of doubt or conflicting claims, he may require an order of the circuit court authorizing and directing the payment thereof. He may apply the interest earned by the moneys so held by him 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.

(c) After one year from the time of the order for final distribution, all unclaimed funds shall be turned over to the state treasury by said commissioner and shall be kept in a separate fund. All claims subsequently arising shall be presented to the commissioner. If the commissioner determines that any claim so presented is a proper claim against said fund he shall certify to the department of administration the name and address of the person entitled to payment and the amount thereof and shall attach said claim to said certificate. The department of administration shall thereupon draw a warrant on the state treasurer for payment of the amount stated in said certificate to the person named thereon.

**186.30 Readjustment in other cases.** (1) Whenever from an examination or report, it shall appear to the commissioner of banking that the capital of any credit union is impaired, or may in the near future become impaired, the commissioner may, with the approval of the

credit union review board, issue an order to such credit union, requiring the directors to forthwith appoint subject to the approval of the commissioner 3 competent persons, not members of such credit union, who shall appraise such property owned by, or upon which such credit union has a loan or judgment, as the commissioner 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 commissioner and the directors. The value as found by such appraisers shall be the value from which all losses shall be determined.

(2) Whenever the commissioner 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 guaranty fund of the credit union, he may, with the approval of the review board, issue an order to such credit union, which order shall provide that no further dividends be credited or paid and no moneys paid out for retiring shares, whether noticed for withdrawal, until the commissioner shall otherwise order.

(3) After the commissioner shall have determined the losses existing or which he shall determine may reasonably be sustained in the near future, he 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 commissioner.

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

(5) The directors may, with the approval of the commissioner, make share loans to members upon such terms and conditions as the commissioner may order, but such loans shall be for provident purposes only and not more than \$100 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 credit union shall be a compliance with this subsection.

(7) The directors may, with the approval of the commissioner, sell, lease, transfer, exchange and convey any of the property of the credit union, 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 credit union, but no compromise of any claim, demand or judgment shall be made except upon express consent of the commissioner.

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

(10) Except as otherwise provided in this section, such credit union 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 credit union is operating as provided in this section without the approval of the commissioner.

### 186.31 Consolidation of credit unions.

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

(2) With the approval of the commissioner credit unions may consolidate. To effect a consolidation, the board of directors of each consolidating union shall, by resolution, propose the consolidation and such consolidation shall be ratified and confirmed by an affirmative vote of the holders of two-thirds of the shares outstanding of each union, at a shareholders' meeting called by the boards and held at least 30 days after a notice of the time, place and object of the meeting has been sent to each shareholder of record by registered mail.

(3) The credit union consolidating with another credit union under the subs. (1) and (2) shall not be required to go into liquidation but its assets and liabilities shall be reported by the credit union with which it has consolidated, and

all the rights, franchises and interests of said credit union 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 credit union 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 credit union so consolidated therewith; and the members or shareholders of such absorbed credit union shall without any further act on their part be members and shareholders of such consolidated credit union and be subject to all rights, privileges and duties as provided for in the bylaws of the credit union which has so absorbed their credit union.

**186.315 Charter cancellation.** Upon completion of a voluntary liquidation as provided in s. 186.18, or upon completion of the liquidation in cases under s. 186.29, or after the assets and liabilities of a credit union are transferred to another credit union for the purpose of consolidation as provided in s. 186.31 (3), the commissioner of banking shall forthwith cancel the charter of the credit union or credit unions liquidated or absorbed in consolidation without any other or further notice to said credit union or to any person. A certified copy of the order or certificate of the commissioner of banking shall be recorded with the register of deeds of the county where said credit union is located. The register of deeds shall note on the margin of the record of the articles of incorporation of said credit union the volume and page where said order or certificate canceling its charter is recorded and shall be entitled to a fee of 50 cents therefor. In case of voluntary liquidation under s. 186.18 or consolidation under s. 186.31, the credit union shall record the order or certificate of the commissioner and pay the fee therefor. In case of liquidation under s. 186.29, the commissioner of banking or special deputy commissioner as therein provided shall record the order or certificate of the commissioner and pay the fee therefor out of the assets of the credit union as an expense of liquidation.

**186.32 Central credit unions.** (1) Central credit unions may be organized and operated under the conditions and provisions of this chapter and subject to all of the provisions of this chapter not inconsistent herewith. It shall be lawful for other credit unions located in this state to become members of central credit unions. Credit unions having membership in a central credit union may be represented at annual or special meetings of the central credit union by one member duly authorized by the board of directors of such member credit union

and shall be entitled to one vote, and such representative shall be eligible for office in the central credit union the same as though he were a member of the central credit union.

(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 be considered as a legitimate 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.

**186.33 Other powers.** Credit unions may engage in the business and functions provided for in s. 218.05 and ch. 217 for their members upon receiving a certificate of authority from the commissioner of banking. Such certificate of authority shall be issued by the commissioner upon application of a credit union whenever the commission finds that the credit union has adequate clerical facilities and has provided for the keeping of adequate accounts and for the segregation of the funds used in carrying on such business and functions apart from the funds used in carrying on its ordinary business as a credit union. Such applicants shall meet the same requirements as other applicants under ch. 217, but no investigation fee shall be charged of credit union applicants. The commissioner may revoke a certificate of authority following a hearing held by him upon 10 days' notice to the credit union for any reason which would have justified the rejection of an application or on the ground that the continued operation of such business threatens the solvency of the credit union.

**186.34 Shares payable on death to another person.** Shares may be issued to a member of a credit union payable on death to another person. Upon the death of the member such other named person shall become the owner and the payment of the participating value of the shares to such person shall be made as provided in section 72.11 (2) and (3), but no new owner shall have rights superior or prior to the rights of the deceased member. Such shares shall be considered a part of the deceased member's estate and subject to the payment of his just debts.

**186.35 Wisconsin credit union share insurance corporation.** (1) ORGANIZATION. The Wisconsin credit union share insurance corporation, a nonprofit corporation, hereinafter referred to as the "corporation", shall be organized within one year after February 14,

1970, by the duly authorized representatives of not less than 9 credit unions chartered and existing under ch. 186. The articles of incorporation shall require the approval of the commissioner of banking, and shall be filed with the commissioner of banking and the register of deeds of the county in which the principal office of the corporation is located. Amendments to the articles, adopted by a vote of two-thirds of the member credit unions present at an annual meeting or a special meeting called for that purpose, shall be filed with the commissioner upon payment of a fee of \$5 and if approved by him shall become effective upon being recorded in the office of the register of deeds in the same manner as the original articles. This corporation shall be under the exclusive supervision of the commissioner of banking.

(2) **PURPOSES.** The general purposes of the corporation shall be to:

(a) Aid and assist any member credit union which develops financial difficulties such as insolvency, nonliquidity or liquidation, in order that the share holdings of any individual member of a member credit union shall be protected or guaranteed to any amount not to exceed \$15,000.

(b) Cooperate with its member credit unions and the credit union division of the office of the commissioner of banking for the purpose of improving the general welfare of credit unions in this state.

(3) **POWERS.** Should any of the powers in this subsection conflict with any other provision in ch. 186, the powers granted in this section shall prevail. The corporation may:

(a) Make contracts.

(b) Sue and be sued.

(c) Adopt, use and display a corporate seal.

(d) Advance funds to aid member credit unions to operate and to meet liquidity requirements.

(e) Assist in the orderly liquidation of credit unions.

(f) Receive money or property from its member credit unions, or any corporation, association or person.

(g) Invest its funds in bonds, notes or securities of the federal government or its agencies, and such other investments as are deemed prudent by the trustees but these other investments shall not exceed 50% of the outstanding capital of the corporation.

(h) Borrow money from any source, upon such terms and conditions as the trustees determine, for the purpose of this section.

(i) Purchase in its own name, hold and convey real and personal property.

(j) Receive by assignment or purchase, from its member credit unions, any notes, mortgages, real estate, securities and other assets owned by those member credit unions.

(k) Sell, assign, mortgage, encumber or transfer any notes, mortgages, real estate, securities and other assets.

(m) Adopt and amend bylaws, rules and regulations for carrying out the purposes of this section.

(4) **USE OF NAME.** This corporation shall have the sole right to the use of the name "Wisconsin Credit Union Share Insurance Corporation".

(5) **MEMBERSHIP.** (a) All credit unions operating and existing under this chapter shall become members of the corporation. Credit unions organized under federal charter, whose principal office is located in this state, may become members upon application and approval of the trustees.

(b) The corporation shall bill and collect from all credit unions the membership fee of \$5 or one-half per cent of the share capital of each member credit union, whichever is greater. This membership fee, when paid by the individual member credit union, shall be a charge to its guaranty fund or may be established as a prepaid asset, to be charged against its guaranty fund over a period of 5 years.

(c) The membership fee of each member credit union will be refunded to each member credit union when the unencumbered funds of the corporation reach 2% of the aggregate total share capital of the member credit unions, as determined by the annual report of the office of the commissioner of banking. These refunds shall be paid to the then existing member credit unions. The refund shall be credited to the member credit union's guaranty fund.

(d) A regular annual assessment, not to exceed one-tenth of one per cent of the member credit union's share capital, shall be levied by the trustees. In the event of potential impairment of the corporation's capital funds, special assessments may be levied by the trustees with the approval of the commissioner of banking. The member credit union's share capital as of December 31 shall be the basis for calculating the assessment due the ensuing year. The trustees shall determine the date the annual assessment is due and payable. The annual assessment, and any special assessment, when paid by the member credit union, shall be a charge to its guaranty fund. The membership fee and the annual assessment shall also be levied on credit union shares in a central credit union on a similar basis as stated herein; however, the guaranty on such credit union shares shall extend to the full

amount of such share balances and shall not be limited by the maximum protection afforded an individual member under sub. (2).

(e) A member credit union's membership fee to the corporation shall be considered as part of its individual guaranty fund for the purpose of determining its 10% limit under s. 186.17 as well as its office building investment under s. 186.11 (2).

(f) The trustees may reduce or waive the annual assessment when the total funds in this corporation equal an amount which is mutually agreed upon by the trustees and the commissioner of banking.

(g) In case of liquidation of this corporation, the funds shall be paid to the then existing member credit unions in proportion to contributions made. Such funds shall be credited to the member credit union's guaranty fund.

(6) TRUSTEES. The corporation's business shall be conducted by the incorporators who shall serve until the organizational meeting of the corporation, at which time not less than 7 trustees shall be elected by the members of the corporation in accordance with the bylaws.

(7) SUPERVISION OF CORPORATION. The corporation shall be subject to supervision and an annual examination by the office of the com-

missioner of banking. The cost of each examination shall be paid by the corporation.

(8) EXAMINATIONS OF CREDIT UNIONS. The office of the commissioner of banking shall promptly forward to the corporation copies of examination reports of all member credit unions. The cost of these copies shall be paid by the corporation. If the trustees of the corporation ascertain evidence of carelessness, unsound practices or mismanagement of any member credit union, and these weaknesses are not corrected, the trustees may recommend to the office of the commissioner of banking that the credit union be liquidated.

(9) BYLAWS. The incorporators shall subscribe and submit to the commissioner of banking, for approval, the bylaws and any amendments thereto under which the corporation shall operate. These bylaws may be amended at any regular or special meeting of the trustees or any annual or special meeting of the corporation.

#### **186.36 Sale of insurance in credit unions.**

Any agent who is an officer or employe of a credit union may pay the whole or any part of his commissions from the sale of credit life insurance or credit accident and health insurance to the credit union.