

No. 83, S.]

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CHAPTER 512.

AN ACT to repeal 215.07 (12) and 215.51 and to amend 215.01 (15), 215.07 (6), 215.09, 215.15, 215.21, 215.26 (2) and 215.312 (2) (introductory paragraph) 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. 215.01 (15) of the statutes is amended to read:

215.01 (15) Chapter 108 shall not apply to any officer or director elected to such office or position for a definite term *unless the association shall by resolution of its board of directors elect otherwise under chapter 108.*

SECTION 2. 215.07 (6) of the statutes is amended to read:

215.07 (6) To invest, with the advice and approval of the commission, in *shares or evidences of indebtedness of * * * savings and loan associations or building and loan associations doing business in this state*, in bonds or evidences of indebtedness of the United States government, or assign as collateral security its mortgages and bonds or notes. But no association, having notices of withdrawal unpaid, shall be permitted to hold government, or government guaranteed securities, which together with its cash on hand exceed 2 per cent of its stock liability. Nothing herein contained shall prohibit any association from setting up reserves in cash or bonds, or both, for taxes, insurance, repairs on real estate, and such other reserves as the banking commission may order.

SECTION 3. 215.07 (12) of the statutes is repealed.

SECTION 4. 215.09 of the statutes is amended to read:

215.09 Whenever any shares are withdrawn, forfeited, retired, repurchased, redeemed or surrendered the certificate or certificates and share account books therefor shall be surrendered and cancelled. In case of partial withdrawal, repurchase or redemption of shares the certificate representing the same shall be cancelled and a new certificate issued for the amount of shares remaining in force, or the withdrawal may be indorsed on the certificate; *or if such shares are * * * evidenced by share account books, the amount of such withdrawal, repurchase, redemption or share loans, if any, shall * * * be immediately*

entered therein. Payments of dues or interest may be made in advance, but no discount shall be allowed therefor and no dividends shall be credited for payments exceeding in amount the regular payments for one year.

SECTION 5. 215.15 of the statutes is amended to read :

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 50 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 pledged. 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. Associations may also make mortgage loans to members which shall provide that the dues (principal) paid shall be deducted from the principal amount due on the loan; and the interest charged upon such loan shall be adjusted at least every 6 months on the unpaid balance of the loan on such adjustment date. The monthly payment of dues (principal) and interest shall be of such an amount so that such payments of dues (principal) will retire the loan within 20 years. The mortgage, bond, note or contract may provide that the interest rate may be increased after 3 years from the date of such mortgage, bond, note or contract, by giving to the borrower at least 4 months' notice of such intention. The borrower may after the receipt of such notice repay his loan within the time specified in such notice without the payment of any fine or penalty; provided further that any association may lend to members without the requirement of amortization of principal not exceeding 50 per cent of the appraised value of the security of a first lien on real estate as provided herein such loans to be repayable in not more than 5 years with or without amortization of principal with interest payable at least semiannually, but not more than 15 per cent of the share liability of the association may be invested in such loans. Such mortgages shall have priority over all liens, except tax and special assessment liens, upon the mortgage 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, * * * windstorm, *war damage, plate glass and extended coverage* 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 therein for 6 months. If the borrower neglect to offer security satisfactory to the directors, within the time prescribed in the by-laws, his right to a loan shall be forfeited and he may be charged with premium on loan, one month's interest and any expense incurred, as the directors may determine. It shall be unlawful for any association, the assets of which do not exceed \$50,000, to make loans exceeding in the aggregate \$5,000 to one borrower; if its assets exceed \$50,000 but do not exceed \$100,000, it shall be unlawful for it to make loans exceeding in the aggregate \$7,500 to one borrower; if its assets exceed \$100,000 but do not exceed \$200,000, it shall be unlawful for it to make loans exceeding in the aggregate \$10,000 to one borrower; if its assets exceed \$200,000 but do not exceed \$500,000, it shall be unlawful for it to make loans exceeding in the aggregate \$20,000 to one borrower; if its assets exceed \$500,000, it shall be unlawful for it to make loans exceeding in the aggregate \$25,000 to one borrower. It shall be unlawful for any association to make any loan on vacant lands or vacant lots unless such lots are included with other improved real estate or on property used for manufacturing purposes, or upon any theater, public hall, church, school building, hotel or public garage. No association shall make any loans to an officer, director or employe except loans on the sole security of share accounts owned by such officer, director or employe and except loans on the security of a first lien upon the home, or the combination of home and business property, owned and occupied by such officer, director or employe.

SECTION 6. 215.21 of the statutes is amended to read:

215.21 When shares shall have been issued in the name of 2

or more persons, or either, or their survivor, the right to vote upon such shares at any meeting of the association shall be no greater than if the shares were held by an individual. Upon the death of either the association shall be liable only to the survivor. Persons who hold shares in a fiduciary capacity shall have all the rights and privileges of membership except the right to hold office. Whenever a person holding shares in such capacity dies and no notice of the revocation or termination of the trust shall have been given to the association in writing, the withdrawal value of the shares may be paid to the beneficiary. The association shall not be liable to beneficiaries for moneys paid to their guardians or trustees on account of such shares.

SECTION 7. 215.26 (2) of the statutes is amended to read:

215.26 (2) Each association shall have its by-laws prepared in convenient form and shall *upon request* furnish a copy to every person who shall become a member of such association. It shall also inform annually, each member of any changes in such by-laws as may have been effected during the preceding year.

SECTION 8. 215.312 (2) (introductory paragraph) of the statutes is amended to read:

215.312 (2) (Introductory paragraph) In addition to such capital fee, *state chartered associations shall pay* an annual fee as determined by the banking * * * *commission* and the building and loan advisory committee but not exceeding an amount as follows:

SECTION 9. 215.51 of the statutes is repealed.

Approved July 12, 1943.