

1987 Senate Bill 522

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1987 Wisconsin Act 252

AN ACT *to repeal* 220.29, 221.04 (1) (j) 12m, 221.15 (5) and 224.10 (2); *to renumber and amend* 220.06 (1) and 223.11 (1); *to amend* 25.17 (3) (b) 1 and (dg) 1, 43.58 (7) (d), 96.16, 217.13, 220.04 (2), 220.04 (6) (d), 220.06 (2) and (3), 221.01 (4), 221.04 (1) (j) 1, 8 and 12, 221.04 (1) (j) 18, 221.04 (1) (n) 1. (intro.), 221.04 (6), 221.046 (1), 221.08 (3), (9) and (10), 221.11, 221.12, 221.13, 221.14 (intro.), (1), (4), (4m) (a) and (5), 221.14 (6), 221.15 (4), 221.22, 221.24 (1), 221.25 (4), 221.29 (5) to (7), 221.32, 221.58 (4) (e), 222.13 (1) (b), 222.14 (1), 222.16, 222.19, 223.01, 223.02 (2), 223.056 (3), 224.06 (1), 224.10 (1) (c) and 224.10 (3); *to repeal and recreate* 220.075, 220.30, 221.09 and 221.31 (1); and *to create* 220.04 (3), 220.04 (9) and (10) and 220.06 (1) of the statutes, *relating to* investments of banks and the state investment board in the African development bank, banking hours, emergency bank closings, branch banking, the location of trust company banks, voluntary liquidation of banks, increasing certain fees, cease and desist orders of the commissioner of banking, the commissioner's authority to seek an injunction, information to be provided to bank shareholders, amendments to articles of incorporation, proxy voting by bank officers, bank examination reports, meetings of boards of directors of banks, unsecured loans to bank officers and employees, real estate held by banks, loans secured by real estate, financial statements supporting a bank's decision to make a loan, approval of bank capital notes or debentures, investments in common trust funds, supervision of Indian loan funds, library board annual reports, investments by agricultural marketing boards, capital-to-deposit ratios of banks, return of indemnity fund deposits and providing penalties.

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

SECTION 2. 25.17 (3) (b) 1 and (dg) 1 of the statutes are amended to read:

25.17 (3) (b) 1. Direct obligations maturing within 10 years or less from the date of settlement, of the United States or its agencies, corporations wholly owned by the United States, the international bank for reconstruction and development, the inter-American development bank, the African development bank, the federal national mortgage association or any corporation chartered by an act of congress.

(dg) 1. Direct obligations of the United States and of agencies of and corporations wholly owned by the United States, and direct obligations of federal land banks, federal home loan banks, central bank for cooperatives and banks for cooperatives, international bank for reconstruction and development ~~and~~ inter-American development bank and African development bank, in each case maturing within one year or less from the date of investment.

SECTION 3. 43.58 (7) (d) of the statutes is amended to read:

43.58 (7) (d) The treasurer or financial secretary shall make an annual report to the library board showing in detail the amount, investment, income and disbursements from the trust funds in his or her charge. Such report shall also be appended to the annual report of the library board under s. 43.58 (6). ~~The treasurer or financial secretary shall also send a copy of each annual report to the commissioner of banking.~~

SECTION 4. 96.16 of the statutes is amended to read:

96.16 Application of funds. A marketing board may invest all assessments, gifts or grants that are collected or received by the board under a marketing order after consulting with the secretary ~~and the office of the commissioner of banking~~. The board may not use funds received, collected or accrued under a marketing order for any purpose other than program operations and administration of the order. No such funds may be used for any other marketing order or to influence either state or federal legislation or rule making except rule making directly related to the order.

SECTION 5. 217.13 of the statutes is amended to read:

217.13 Other statutes applicable. ~~Section~~ Sections 220.037 ~~shall~~ and 220.06 apply to this chapter.

SECTION 7. 220.04 (2) of the statutes is amended to read:

220.04 (2) The commissioner shall examine, or cause to be examined, any bank when requested by the board of directors of such bank. The commissioner shall also ascertain whether such bank transacts its business at the place designated in the articles of incorporation, and whether its business is conducted in the manner prescribed by law. ~~Such commissioner may,~~

~~in the performance of his official duties, issue subpoenas and administer oaths; provided, that in case of any refusal to obey a subpoena issued by him or his deputy, such refusal shall be at once reported to the circuit court of the circuit in which the bank is located, and said court shall enforce obedience to such subpoena in the manner provided by law for enforcing obedience to the subpoenas of said court.~~

SECTION 8. 220.04 (3) of the statutes is created to read:

220.04 (3) The commissioner or deputy commissioner may, in the performance of his or her official duties, issue subpoenas and administer oaths. In case of any refusal to obey a subpoena issued by the commissioner or deputy commissioner, the refusal shall be reported at once to the circuit court of the circuit in which the bank is located. The court shall enforce obedience to the subpoena in the manner provided by law for enforcing obedience to subpoenas of the court.

SECTION 9. 220.04 (6) (d) of the statutes is amended to read:

220.04 (6) (d) The commissioner of banking, with the approval of the banking review board, may establish rules regulating the kind and amount of foreign bonds or bonds and securities offered for sale by the international bank for reconstruction and development, the inter-American development bank, the African development bank and the Asian development bank which state banks, trust company banks and mutual savings banks may purchase, except that such rules shall not apply to bonds and securities of the Canadian government and Canadian provinces, which are payable in American funds.

SECTION 10. 220.04 (9) and (10) of the statutes are created to read:

220.04 (9) (a) *Definitions.* In this subsection:

1. "Official" means a director, officer, employe or agent of a regulated entity or any other person which participates in the conduct of the affairs of a regulated entity.

2. "Regulated entity" means a bank, trust company bank, mutual savings bank and any other entity which is described in s. 220.02 (2) or 221.56 as under the supervision and control of the commissioner of banking.

(b) *Notice of hearing.* The commissioner may serve a notice of a hearing which complies with s. 227.44 (1) and (2) on an official or regulated entity if, as a result of an examination or report made to the commissioner, the commissioner determines any of the following:

1. The official or regulated entity is violating or is about to violate the banking laws of this state or any rule or order issued by the commissioner.

2. The regulated entity is being operated in an unsafe or unsound manner.

3. An official is violating or is about to violate a written condition which the commissioner imposed in connection with granting an application or request by

the regulated entity, or a written agreement entered into with the commissioner.

(c) *Conduct of hearing.* A hearing under par. (b) shall be conducted in the manner specified for a contested case, as defined in s. 227.01 (3), under ss. 227.44 to 227.50.

(d) *Cease and desist order.* If the recipient of a notice of hearing fails to appear or if upon the record made at the hearing the commissioner finds that a violation or unsafe or unsound practice has been established, the commissioner may issue and serve on the official or regulated entity an order to cease and desist from the violation or practice. The order may require the official or regulated entity to correct the conditions resulting from the violation or practice. An order issued under this paragraph is effective upon service on the official or regulated entity named in the order and may be appealed under s. 220.035.

(e) *Temporary order.* 1. If the commissioner finds that a violation or practice described in par. (b) is likely to cause insolvency or substantial dissipation of assets or earnings of the regulated entity or seriously prejudice the interests of its depositors, the commissioner may issue a temporary order requiring the official or regulated entity named in the notice of hearing to cease and desist from the violation or practice and to take affirmative action to prevent insolvency, dissipation of assets or earnings or prejudice to depositors pending completion of the proceedings. The temporary order is effective upon service on the official or regulated entity named in the notice of hearing and remains effective and enforceable pending completion of the administrative proceedings unless suspended, set aside or limited by a court as provided in subd. 2.

2. Within 20 days after an official or regulated entity is served with a temporary order under subd. 1, the official or regulated entity may apply to the circuit court for the county within which the regulated entity is located for an injunction setting aside, limiting or suspending the enforcement of the order pending the completion of the administrative proceeding.

(f) *Forfeitures.* 1. As part of an order issued under par. (d), the commissioner may impose a forfeiture of up to \$10,000 for each violation or practice under par. (b).

2. An official or regulated entity who violates an order issued under par. (d) shall, for each violation, forfeit not more than \$1,000 per day for each day the violation continues. Assessment of a forfeiture under this subdivision shall commence on the latest of 10 days after the date of delivery of the order or, if an appeal is taken under s. 220.035, 10 days after the date of the decision of the banking review board.

(g) *Enforcement.* The commissioner may institute proceedings to recover a forfeiture under par. (f) or to enjoin the violation of an order issued under par. (d) and, after notice and opportunity for a hearing as provided in sub. (4), may order the removal of an official

who commits a violation or engages in a practice under par. (b) or who violates an order issued under par. (d), if the commissioner finds that the practice or violation involves personal dishonesty resulting in financial gain to the official or demonstrates a wilful or continuing disregard for the safety or soundness of the regulated entity, and the commissioner finds any of the following:

1. As a result of the practice or violation the regulated entity has suffered or will probably suffer substantial financial loss or other damage.

2. The interests of the depositors could be seriously prejudiced by the violation or practice.

(10) If it appears to the commissioner of banking that a person has engaged or is about to engage in an act or practice constituting a violation of the laws of this state relating to banks and banking, including this chapter, chs. 217, 218 and 221 to 224 and s. 138.09, or a rule promulgated or order issued under those laws, the commissioner may bring an action in the name of the state in the circuit court of the appropriate county to enjoin the acts or practices and to enforce compliance with the laws, rules or orders, or the commissioner may refer the matter to the district attorney of the appropriate county or, if the alleged violation may be enforced by the attorney general under s. 220.12, 221.18, 221.205, 221.28 or 224.06 (7) or is statewide in nature, to the attorney general. Upon a proper showing, the court may grant a permanent or temporary injunction or restraining order, appoint a receiver for the defendant or the defendant's assets or order rescission of any acts determined to be unlawful. The court may not require the commissioner to post a bond.

SECTION 11. 220.06 (1) of the statutes is renumbered 220.06 (1m) and amended to read:

220.06 (1m) No commissioner of banking, deputy, assistant deputy or examiner may examine a bank or licensee in which such person is interested as a stockholder, officer, ~~or~~ employe ~~or otherwise~~. No commissioner, deputy, assistant deputy or examiner may examine a bank or licensee located in the same village, city or county with any bank or licensee in which such person is so interested. The commissioner of banking, deputy, assistant deputies and every employe in the office of the commissioner, and each member and employe of the banking review board, shall keep secret all facts and information obtained in the course of examinations or from reports not under s. 221.15 (1) filed by a bank or licensee with the office of the commissioner of banking, except so far as the public duty of the officer requires reporting upon or taking special action regarding the affairs of any bank or licensee, and except when called as a witness in any criminal proceeding or trial in a court of justice. The commissioner may furnish to the federal deposit insurance corporation or to any regulatory authority for state or federal financial institutions, insurance or securities a copy of any examination made of any such bank or licensee or of any report made by such bank

or licensee and may give access to and disclose to the corporation or to any regulatory authority for state or federal financial institutions, insurance or securities any information possessed by the commissioner with reference to the conditions or affairs of any such insured bank or licensee if the regulatory authority agrees to treat all information received with the same degree of confidentiality as applies to reports of examination that are in the custody of the commissioner.

SECTION 12. 220.06 (1) of the statutes is created to read:

220.06 (1) In this section, "licensee" means a person licensed by the commissioner of banking under ch. 138, 217 or 218.

SECTION 13. 220.06 (2) and (3) of the statutes are amended to read:

220.06 (2) If any commissioner, deputy, assistant deputy, examiner or other employe in such office or any member of the banking review board or any employe thereof discloses the name of any debtor of any bank or licensee, or anything relative to the private account or transactions of such bank or licensee, or any fact obtained in the course of any examination of any bank or licensee, except as herein provided, he or she shall be subject, upon conviction thereof, to forfeiture of office, or position and to the payment of a fine of not less than \$100 nor more than \$1,000, or imprisonment in the Wisconsin state prisons not less than 6 months nor more than 2 years, or both.

(3) (a) Examination reports possessed by a bank or licensee are confidential, remain the property of the office of the commissioner of banking and are returnable immediately on request of the office.

(b) ~~Bank officers~~ Officers and employes of a bank or licensee may not redisclose information in the examination reports. A person violating this paragraph may be fined not less than \$100 nor more than \$1,000 or imprisoned not more than 6 months or both.

SECTION 14. 220.075 of the statutes is repealed and recreated to read:

220.075 Banks, ratio of capital to deposits. (1) If the commissioner finds that the average of deposits for a fiscal year, as computed under sub. (2), in a bank exceed an amount equal to 15 times the unimpaired capital and the undistributed surplus of the bank, the commissioner shall order the bank to increase its capital or surplus or both. The order shall provide that within one year the total unimpaired capital and undistributed surplus shall exceed one-fifteenth of the average deposits as reported in accordance with this section. For purposes of making calculations under this subsection, a bank shall subtract from undistributed surplus that amount of all items classified by the commissioner as doubtful or loss which exceeds the bank's undivided profits and loan loss reserves.

(2) (a) For purposes of computing the average of deposits for a fiscal year, a bank may deduct from its average of actual deposits for a fiscal year that amount by which the average of the following cash

and cash equivalent items for the fiscal year exceeds 20% of its average of actual deposits for the fiscal year:

1. Cash on hand, including clearings.
2. Balances with federal reserve banks.
3. Short-term obligations of or demand balances with other insured financial institutions in the United States.
4. Book value of direct obligations of the United States and obligations of agencies of the United States.

(b) For purposes of computing the actual deposits and the average of cash and cash equivalent items for a fiscal year, in order to compute the average of deposits for the fiscal year under par. (a), a bank shall use either the average of account balances at the close of business on the 1st, 11th and 21st day of each month or the average daily account balances for the fiscal year.

(3) On or before April 15 annually, each bank shall file with the commissioner a report, in the form required by the commissioner, which discloses the unimpaired capital, the undistributed surplus and the average of actual deposits, average of cash and cash equipment items and average of deposits for the fiscal year ending at the close of business on March 31 of the same year.

(4) Any bank failing to file a report as required by this section shall be subject, at the discretion of the commissioner, to a forfeiture of \$100 for each day after the due date of the report until the report is filed. A bank's failure to comply with an order issued by the commissioner under this section is cause for forfeiture of the bank's charter or for the removal of its officers or directors.

SECTION 15. 220.29 of the statutes is repealed.

SECTION 16. 220.30 of the statutes is repealed and recreated to read:

220.30 Closing in emergencies. No liability shall be incurred by a bank because the bank is closed during an emergency. If a bank closes during an emergency, the closing shall be noted in the minutes of the next meeting of the bank's board of directors. A bank may not declare in default for nonpayment any obligation which became due while the bank was closed during the emergency if timely payment on the obligation was tendered but not accepted because the bank was closed.

SECTION 17. 221.01 (4) of the statutes is amended to read:

221.01 (4) **FEE.** The applicants shall pay to the commissioner of banking a fee of ~~\$1,500~~ \$2,500 together with the actual costs incurred by the commissioner in making an investigation of the application, which sum shall be paid into the state treasury.

SECTION 18. 221.04 (1) (j) 1, 8 and 12 of the statutes are amended to read:

221.04 (1) (j) 1. To establish and maintain a branch bank subject only to the criteria in this paragraph, upon approval by the commissioner and the banking review board, within 25 miles of the home bank or within the county of the home bank, whichever is greater.

8. Notwithstanding subs. 1 to 3, a branch of a home bank converted to a branch under subd. 4, 5, 6 or 7 becomes a branch of the new home bank. Subject to subs. 1 to 3, a branch of a home bank converted to a branch under subd. 4, 5 or 6 may be transferred to any other home bank located in the same county as, or within 25 miles of, the transferred branch. For purposes of this paragraph, a branch existing on May 7, 1982, as a branch of the converted home bank, is a branch existing on May 7, 1982, of the home bank of which it becomes a branch under this subdivision.

12. ~~Except as provided in subd. 12m, the~~ The location of a home bank on May 7, 1982, or upon the creation of the home bank, whichever is later, continues to be its location for purposes of this paragraph, notwithstanding any subsequent relocation or redesignation of the home bank.

SECTION 19. 221.04 (1) (j) 12m of the statutes is repealed.

SECTION 20. 221.04 (1) (j) 18 of the statutes is amended to read:

221.04 (1) (j) 18. Application for the establishment of a branch under this paragraph shall be made to the commissioner on a form furnished by the commissioner. The application shall be accompanied by a fee of ~~\$500~~ \$1,000.

SECTION 21. 221.04 (1) (n) 1. (intro.) of the statutes is amended to read:

221.04 (1) (n) 1. (intro.) Upon amendment of the articles of ~~association~~ incorporation under s. 221.12 and obtaining, prior to the date which is 2 years after May 7, 1982, approval of the commissioner and the banking review board, to relocate the principal office of the bank to another place in the municipality in which the principal office is located on the date of the amendment, and to continue to operate the former principal office, or an office located within 1,500 feet of the boundary of the parcel of real estate occupied by the former principal office measured on a straight line connecting the 2 nearest points on the respective parcels of real estate, as a branch, notwithstanding par. (f), if all the services provided by the principal office are also provided by the branch, the branch is operated for at least 5 years after the date of relocation and the commissioner and the banking review board find that:

SECTION 22m. 221.04 (6) of the statutes is amended to read:

221.04 (6) TRUST POWERS. When thereto authorized by the commissioner, and if and after it shall have in good faith complied with all requirements of law and fulfilled all the conditions precedent to the exercise of such powers imposed by law upon trust

company banks, any state bank may act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, and in any other fiduciary capacity in which trust company banks are permitted to act. Any state bank so authorized by the commissioner shall comply with s. 223.02 before exercising such authority and shall be thereupon entitled to the same exemption as to making and filing any oath or giving any bond or security as is conferred on trust company banks by s. 223.03 (8). With its application for permission to exercise fiduciary powers under this subsection, a state bank shall submit to the commissioner a fee of \$1,000. In passing upon application for permission to exercise such fiduciary powers, the commissioner may take into consideration the amount of capital and surplus of the applying bank, whether or not such capital and surplus is sufficient under the circumstances, the needs of the community to be served, and any other facts and circumstances that seem to him material, and may grant or refuse the application accordingly; provided, that no special authorization shall be issued to any such bank having a capital less than the capital from time to time required by law of a national bank exercising fiduciary power in the same place. If satisfied that such bank has in good faith complied with all the requirements of law and fulfilled all the conditions precedent to the exercise of such powers imposed by law, the commissioner may, within 6 months after the date on which the application of such bank was filed, issue under his or her hand and official seal, in triplicate, a special authorization certificate to such bank. Such certificate shall state that the bank named therein has complied with the provisions of law applicable to banks exercising fiduciary powers, and is authorized to exercise the same. One of the triplicate special authorization certificates shall be transmitted by the commissioner to the bank thereby authorized to exercise fiduciary powers; another shall be filed and recorded in the office of the commissioner, and the ~~third~~ 3rd shall be recorded at the expense of such bank in the office of the register of deeds of the county in which such bank is located. In the conduct of its business under or in connection with such authorization to exercise fiduciary powers every bank so authorized shall comply with and be governed by all the provisions of law from time to time applicable to individuals acting in a similar capacity.

SECTION 23. 221.046 (1) of the statutes is amended to read:

221.046 (1) Any state bank, mutual savings bank, or trust company bank, may by the action of its board of directors issue and sell its capital notes or debentures of one or more classes in ~~such~~ the amount, in ~~such~~ the form, with ~~such~~ the maturity and conferring ~~such~~ the rights and privileges upon the holders ~~thereof~~ of them as the ~~said~~ said board ~~shall determine~~; provided, however, determines, except that no ~~such~~ issuance or

sale shall may be made unless ~~the same shall be~~ approved by the commissioner of banking ~~and the banking review board.~~

SECTION 24. 221.08 (3), (9) and (10) of the statutes are amended to read:

221.08 (3) In the first instance, the directors shall be elected at the meeting held before the bank is authorized to commence business by the commissioner of banking, and afterwards at the annual meeting of the stockholders which shall be held at a time established in the bylaws. Beginning with the annual meeting held in 1990, the bank shall include with each notice of an annual meeting delivered to shareholders copies for the 2 preceding fiscal years of the bank's balance sheets, statements of profit and loss and reconciliements of the bank's loan loss reserve. If for any reason an election is not had at that meeting, it may be held at a subsequent meeting called for that purpose, of which due notice shall be given as provided in the bylaws.

(9) The board of directors shall meet ~~at the bank~~ at least once each month. At ~~such the~~ monthly meeting they shall generally investigate the affairs of ~~such the~~ bank and determine whether the assets are of the value at which they are carried on the books of the bank. ~~Such~~ The directors shall name a loan committee of 3 or more of its members, a majority of whom shall be other than active executives, except in 1st or 2nd class cities of the first or second class, or except when a majority of the directors are actively engaged in the bank's management. The committee shall meet at least once each month and shall determine policies as to renewals and applications for new loans. Any director who ~~shall be~~ is found to be lax in attendance may be removed by the commissioner and ~~such the~~ vacancy shall be filled within a reasonable time as the commissioner may direct.

(10) The board of directors shall elect a secretary, who shall keep a correct record of the minutes of the meeting in a book kept for that purpose, which minutes shall particularly disclose the date and location of the meeting, the names of the directors present and the reason for the absence of each director not in attendance at the meeting. This record of the meeting of the board of directors shall be subscribed to by the presiding officer. The minutes shall be read and approved at the next succeeding meeting, by the board of directors, and the minutes of ~~such the~~ next succeeding meeting shall show such fact this. The minute book shall be ~~kept in the vault of the bank at all times except available at the bank when actually needed elsewhere within the bank.~~ It is the duty of the bank examiner to examine ~~such the~~ book at the time he or she examines the bank and to include in his or her report of examination of ~~such the~~ bank, a statement of the dates on which ~~such the~~ meetings were held since the last examination of the bank by the bank examiner and the names of the directors in attendance at each of these meetings.

SECTION 25. 221.09 of the statutes is repealed and recreated to read:

221.09 Response to examination; study, report and acknowledgments. (1) After receipt by the board of directors of a bank of each report of examination of the bank by the office of the commissioner, the board or an examining committee appointed under sub. (2), unless the commissioner requires response by the board as provided in s. 220.05 (5), shall do all of the following:

(a) Study the report of examination.

(b) Prepare a written report setting forth any recommended corrective action to be taken by the board in response to criticisms and suggestions contained in the report of examination.

(2) Upon receipt of any report of examination under sub. (1) (intro.), the board of directors may appoint an examining committee, consisting of not fewer than 3 of its members, to perform the study and prepare the report under sub. (1) (a) and (b).

(3) Each member of the board of directors shall obtain and review a copy of the report prepared under sub. (1) (b) and shall prepare a written acknowledgment stating all of the following:

(a) That the board has received the report of examination under sub. (1) (intro.).

(b) That the member of the board has obtained and reviewed a copy of the report prepared under sub. (1) (b).

(4) The secretary of the board of directors shall record the report prepared under sub. (1) (b) in the minutes of the next meeting of the board following completion of the report.

(5) The board of directors shall transmit the report prepared under sub. (1) (b) and the acknowledgments prepared under sub. (3) to the office of the commissioner within 45 days after receipt by the board of each report of examination under sub. (1) (intro.).

SECTION 26. 221.11 of the statutes is amended to read:

221.11 Stockholders' right to vote. At all stockholders' meetings each share of stock which provides for voting rights shall entitle the owner of record to one vote. A stockholder may vote at any meeting of the stockholders by proxy, ~~but no active or salaried officer may vote any such proxies.~~

SECTION 27. 221.12 of the statutes is amended to read:

221.12 Articles may be amended. A bank may amend its articles of ~~association~~ incorporation in any manner not inconsistent with law, at any time, by a vote of its stockholders representing two-thirds of the capital stock, ~~such vote to be taken at a meeting called for that purpose.~~ The bank shall submit the amendment to the commissioner of banking. The amendment is not effective unless approved by the commissioner. The amendment may provide for a change of location of the bank, subject to s. 221.04 (1)

(j) ~~and the approval of the commissioner of banking.~~ Subject to s. 221.04 (1) (j), the amendment may provide for a change of the location of a parent bank to the location of a branch ~~thereof of the parent bank~~ and a change of the location of a branch ~~thereof of the parent bank~~ to the location of a the parent bank if the change is first approved by the commissioner ~~of banking~~ upon application. The amendment, certified by the president ~~and or~~ cashier, and setting forth the volume and page of recording in the office of the register of deeds of the original articles of ~~association incorporation~~, shall be recorded as required for articles of incorporation. No increase of the capital shall be valid until the amount ~~thereof of the increase~~ has been subscribed and actually paid in. The entire surplus fund of a bank, or as much ~~thereof~~ as may be required, may be declared and paid out as a stock dividend to apply on, and be converted into, ~~such an~~ increase of capital. No reduction of capital shall be made to a less amount than is required under this chapter for capital, nor be valid or warrant the cancellation of stock certificates or diminish the personal liability of stockholders, until ~~such the~~ reduction has been approved by the commissioner. No reduction may be effected in any other way than by a proportional reduction of all outstanding shares unless approved by the commissioner. The approval may be given only when the commissioner is satisfied that the reduction of the capital is in the best interests of the depositors.

SECTION 28. 221.13 of the statutes is amended to read:

221.13 Extension of corporate existence of state bank. (1) Any bank organized under the laws of this state and doing business on May 15, 1915 may, at any time before the date of the expiration of its corporate existence as evidenced by its articles of ~~association incorporation~~ or by any attempted amendment ~~thereof of its articles~~, extend its period of succession by amending its articles ~~of association~~ in the manner provided by s. 221.12, and shall have succession for such extended period, unless sooner dissolved by the act of its stockholders, or unless its charter becomes forfeited by some violation of law.

(2) Every attempted amendment of the articles of ~~association incorporation~~ of any bank, organized under the laws of this state and doing business on May 15, 1915, including an attempted amendment of ~~such the~~ articles after the termination of the corporate existence of ~~such the~~ bank provided in the articles ~~of association~~, purporting to extend the period of the corporate existence ~~thereof~~ in the manner provided by s. 221.12, taken before ~~said that~~ date, is hereby validated, and the period of succession of ~~any such the~~ bank is extended accordingly, and it shall have succession for ~~such the~~ extended period unless sooner dissolved by the act of its stockholders, or unless its charter becomes forfeited by some violation of law.

SECTION 29. 221.14 (intro.), (1), (4), (4m) (a) and (5) of the statutes are amended to read:

221.14 Real estate, for what purposes held. (intro.)

A bank may purchase, lease, hold and convey real estate for the following purposes only:

(1) Real estate necessary for the convenient transaction of its business, including with its banking offices other ~~apartments~~ facilities to rent as source of income. No bank shall may invest in a banking office, including ~~apartments~~ facilities connected ~~therewith~~ with the office, together with furniture, equipment and fixtures, or become liable ~~thereon for it~~ in a sum exceeding 60% of its capital and surplus; but in lieu ~~thereof of this~~ it may invest, with the approval of the commissioner of banking, an amount not to exceed 40% of its capital and surplus in the stocks, bonds or obligations of a bank building corporation. Any bank not owning its banking offices shall may not hereafter invest in furniture, equipment and fixtures a sum exceeding 20% of its capital and surplus.

(4) Real estate purchased or leased by a bank, ~~subject to the approval of the commissioner of banking~~, for the purpose of providing parking facilities for immediate and reasonable future needs. The distance between the bank premises and the parking facility shall may not exceed 1,000 feet. Parking fees and property rentals may be derived from the acquired real estate.

(4m) (a) Real estate, if ~~such the~~ real estate is within the distances under par. (b) of the main or a branch office of the bank and used as a ~~manned or unmanned~~ attended or unattended remote facility for paying and receiving only. All measurements under this subsection shall be made in a straight line from the nearest adjacent points in the respective property lines. Remote facilities may be established only with specific approval by the commissioner ~~and the banking review board~~. The authority under this subsection is in addition to the authority to establish facilities which are attached to or a part of the main or a branch office of a bank.

(5) Real estate purchased and held, ~~except in cities of the first class~~, subject to the approval of the commissioner of banking, for the purpose of providing needed housing accommodations for its essential employes ~~in areas where such accommodations are not otherwise available~~ who are relocated by the bank, including purchasing the former residence of the relocated, essential employe.

SECTION 30. 221.14 (6) of the statutes is amended to read:

221.14 (6) No real estate acquired ~~in the cases contemplated in~~ under sub. sub. (2) and, (3) shall or (5) may be held for a longer time than 5 years, ~~except unless an extension is granted by the commissioner.~~ If ~~such the~~ extension ~~be is~~ not granted, it must be sold at a private or public sale within one year thereafter. Nothing in this section shall may be construed to prevent a bank from ~~loaning~~ lending moneys upon real estate security as provided by law. Real estate shall be conveyed under the corporate seal of the bank, and

the hand of the president or vice president and cashier or assistant cashier.

SECTION 31. 221.15 (4) of the statutes is amended to read:

221.15 (4) The reports most recent report filed under sub. (1) as of the last business day of the 4th calendar quarter shall be published by the bank as a class 1 notice, under ch. 985, where the bank is located, in the condensed form as the commissioner prescribes. Each bank shall maintain proof of publication of the report.

SECTION 32. 221.15 (5) of the statutes is repealed.

SECTION 33. 221.22 of the statutes is amended to read:

221.22 National banks may reorganize as state banks. Any national bank authorized to dissolve, and which shall have taken the necessary steps to effect dissolution, may reorganize under this chapter, upon the consent in writing of the owners of two-thirds of the capital stock of such bank, and with the approval of the commissioner of banking. Such stockholders shall make, execute and acknowledge articles of organization as required by this chapter, and shall set forth the said written consent of such stockholders. A national bank seeking to reorganize under this section shall pay to the commissioner a fee of \$1,000 plus the actual costs incurred by the commissioner in investigating the proposed reorganization. Upon the filing of ~~said~~ the articles as provided by this chapter, and upon the approval of the commissioner, such bank shall be deemed to be reorganized under this chapter, and thereupon all assets, real and personal, of such dissolved national bank shall be vested in and become the property of such reorganized bank, subject to all liabilities of such national bank not liquidated before such reorganization.

SECTION 34. 221.24 (1) of the statutes is amended to read:

221.24 (1) Any bank organized or doing business under this chapter may go into liquidation by a vote of its stockholders owning two-thirds of the capital stock. Whenever a vote is taken to go into liquidation, the board of directors shall give notice of this fact to the commissioner of banking, and the notice shall be certified by the president ~~and~~ or cashier under the seal of the bank. No liquidating bank may transfer assets or liabilities to another bank until the transfer is approved by the commissioner.

SECTION 35. 221.25 (4) of the statutes is amended to read:

221.25 (4) Application for approval of a consolidation under sub. (1) shall be made on a form prescribed by the commissioner. The application shall be accompanied by a fee of ~~\$1,000~~ \$5,000, except that if more than 3 banks are to be consolidated the fee is \$5,000 plus \$1,000 for each bank after the 3rd bank.

SECTION 36. 221.29 (5) to (7) of the statutes are amended to read:

221.29 (5) No bank may make or renew any loan or loans, the aggregate total of which exceeds the level established by the board of directors without being supported by a ~~sworn~~ signed financial statement unless the loan is secured by collateral having a value in excess of the amount of the loan.

(6) A ~~sworn~~ signed financial statement furnished by the borrower to a bank in compliance with sub. (5) must be renewed annually as long as the loan or any renewal thereof remains unpaid and is subject to sub. (5).

(7) A loan or a renewal of a loan made by any bank in compliance with sub. (5), without ~~sworn~~ a signed financial statement, may be treated by ~~such~~ the bank as entirely independent of any secured loan made by the same borrower providing such if the loan does not exceed the loan limitations provided in this section.

SECTION 37. 221.31 (1) of the statutes is repealed and recreated to read:

221.31 (1) Except as otherwise provided in this subsection, no bank may lend more than \$25,000 in the aggregate to any officer, director or employe of the bank. Any loan in excess of this limit is subject to all of the following conditions:

(a) Except with regard to a renewal of the present outstanding balance of a first lien real estate mortgage loan on the borrower's principal residence, the loan and the sufficiency of the collateral must receive approval by resolution of the board of directors recorded in its minutes or must be within the limits, including the collateral requirements, of a line of credit approved for the director, officer or employe at least annually by resolution of the board of directors recorded in its minutes.

(b) The amount of any loan in excess of the limit must be secured in full by collateral security.

SECTION 38. 221.32 of the statutes is amended to read:

221.32 Limit on mortgage loans. No bank shall may lend any part of its capital, surplus or deposits upon real estate mortgages or on any other form of real estate security, directly or as collateral, except in this and adjoining states; ~~nor shall it lend on real estate mortgages or any other form of real estate security, an amount exceeding 50 per cent of the aggregate of its capital, surplus and deposits, except when authorized as to, unless the bank's board of directors approves the amount, security and location by a resolution of which is adopted by two-thirds of its board of the directors and properly entered upon its in the minutes.~~

SECTION 39. 221.58 (4) (e) of the statutes is amended to read:

221.58 (4) (e) The applicant has paid the commissioner of banking a fee of ~~\$1,000~~ \$5,000, together with the actual costs incurred by the commissioner in making an investigation related to the application and in holding any hearing on the application.

SECTION 40. 222.13 (1) (b) of the statutes is amended to read:

222.13 (1) (b) In notes, securities and bonds of one or more federal home loan banks, securities of the banks for cooperatives, securities of one or more federal land banks, notes and securities of the federal national mortgage association, securities of the federal intermediate credit banks, but investment in any one of the aforesaid of the same class and issue shall not exceed 50% of the guaranty fund and undivided profits. Investment in bonds of the international bank for reconstruction and development, bonds of the inter-American development bank, bonds of the African development bank and bonds of the Asian development bank shall be limited to 10% of the guaranty fund and undivided profits; in bankers' acceptances eligible for purchase by federal reserve banks, ~~said~~ investment shall not exceed 50% of the guaranty fund and undivided profits; and in stock in a federal home loan bank or stock in a federal reserve bank, investment shall not exceed an amount that will qualify such mutual savings bank for membership in ~~said~~ the federal home loan bank or federal reserve bank.

SECTION 41. 222.14 (1) of the statutes is amended to read:

222.14 (1) No mutual savings bank may loan any money upon any obligation unless the loan is secured by collateral in which the bank might invest its funds or on which it might loan its money to the extent authorized by s. 222.13, but personal obligation loans may be made not supported by such collateral to an extent of 15% of the assets of the bank. No such loan may exceed 5% of the mutual savings bank's guaranty fund created under s. 222.021. Such loans shall be payable in not to exceed 10 years at the maximum interest allowed by the law under ch. 138 or 422 as applicable, except any loan in excess of \$1,000 shall be fully secured or supported by a current ~~sworn~~ signed financial statement.

SECTION 42. 222.16 of the statutes is amended to read:

222.16 Income, how divided, guaranty fund. The income or earnings of every mutual savings bank after deduction of all reasonable expenses and reserves incurred in the management thereof, and the amounts reserved for a guaranty fund, shall be divided among the depositors or their legal representatives not less than quarterly at the times approved by its trustees. Every mutual savings bank shall, before making any disbursement of earnings, reserve as a guaranty fund from the net earnings which have accumulated during the period then next preceding, a sum equal to not less than 6% of the net earnings for the preceding period, until the sum total of the guaranty fund and undivided profits ~~are~~ is equal to 8% of the year end deposits of the bank as provided in s. 220.075 (4) (2) (b) and so that the guaranty fund is not less than 6% of year end deposits.

SECTION 43. 222.19 of the statutes is amended to read:

222.19 Real estate and personalty; limitations. It is lawful for ~~such~~ mutual savings banks to purchase, lease, hold and convey such the real estate as that banks are authorized to purchase, lease, hold and convey under s. 221.14. No mutual savings bank ~~shall~~ may invest in furniture, equipment, fixtures, land and buildings which include quarters for the transaction of its business an amount in excess of 50 ~~per cent~~ % of its guaranty fund, unless ~~such~~ the investment is approved by the commissioner.

SECTION 44. 223.01 of the statutes is amended to read:

223.01 Trust company banks, capital. Trust company banks may be organized pursuant to ch. 221, entitled "State Banks," and shall be subject to all the provisions, requirements, and liabilities of chs. 220 and 221, so far as applicable, except ss. 221.29 and 221.32, and except as otherwise hereinafter provided. The capital stock of any such corporation shall be fixed and limited by the articles of ~~association~~ incorporation, and must be at least \$100,000, and not to exceed \$5,000,000, except that in cities of less than 100,000 inhabitants it may be less than \$100,000, but it shall not be less than \$50,000.

SECTION 45. 223.02 (2) of the statutes is amended to read:

223.02 (2) The securities and cash deposited pursuant to sub. (1) by any bank shall be released by the state treasurer and returned to the bank, whenever the commissioner of banking shall certify to the state treasurer that ~~said~~ the bank no longer exercises fiduciary powers and that he or she is satisfied, ~~after examination,~~ that there are no outstanding trust liabilities, ~~and that said bank has filed with the said commissioner a bond to the people of the state, in amount and form as demanded by him, conditioned upon the faithful execution of all trusts lawfully imposed and accepted by said bank.~~

SECTION 46. 223.056 (3) of the statutes is amended to read:

223.056 (3) As a fiduciary or cofiduciary, invest funds which it lawfully holds for investment in interests in ~~such~~ common trust funds administered by itself or by any bank or trust company organized under the laws of any state or the United States, if such investment is not prohibited by the instrument, judgment, decree or order creating such fiduciary relationship, and if, in the case of cofiduciaries, the bank or trust company procures the consent of its cofiduciaries to such investment. This subsection applies to fiduciary relationships now in existence or hereafter created. Section 223.055 (2) and (3) applies to common trust funds established under this section and the banks and trust companies operating these common trust funds.

SECTION 47. 223.11 (1) of the statutes is renumbered 223.11 and amended to read:

223.11 Consolidation of trust company banks. Any trust company bank organized, continued or reorganized under this chapter may consolidate with any other similar corporation ~~within the same county, city, town or village~~ in the manner provided for the consolidation of banks under s. 221.25; and in the event of such consolidation the consolidated corporation, by whatever name it may assume or be known, shall be a continuation of the entity of each and all of the corporations so consolidated for all purposes whatsoever, including holding and performing any and all trusts and fiduciary relations of whatsoever nature of which the corporations so consolidating, or either or any of them, was fiduciary at the time of ~~such~~ the consolidation, and also including its appointment in any fiduciary capacity by any court or otherwise, and the holding, accepting and performing of any and all trusts and fiduciary relations whatsoever as to or for which either or any one of the corporations so consolidating may have been appointed, nominated or designated by any will or conveyance or otherwise, whether or not ~~such~~ the trust or fiduciary relation shall have come into being or taken effect at the time of ~~such~~ the consolidation.

SECTION 48. 224.06 (1) of the statutes is amended to read:

224.06 (1) As a condition precedent to qualification or entry upon the discharge of his or her duties, every person appointed or elected to any position requiring the receipt, payment or custody of money or other personal property owned by a bank or in its custody or control as collateral or otherwise, shall give a bond ~~in some responsible corporate surety company, licensed from an insurer qualified under s. 610.11 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 employes of any bank whose duties include the receipt, payment or custody of money or other personal property for or on behalf of the bank. All such bonds shall be in the form prescribed by the commissioner of banking.

SECTION 49. 224.10 (1) (c) of the statutes is amended to read:

224.10 (1) (c) The Indian loan fund in custody of the Menominee Indian Tribe and administered by a board of trustees appointed by that tribe shall, at the termination of federal control, be administered, subject to this section, by a board of 5 trustees appointed annually by the stockholders of the corporation described in s. 710.05, 1973 stats., and shall be used for making loans to those who were enrolled tribal members as proclaimed by the secretary of the interior as of June 17, 1954, and their spouses and descendants and to any additional classes recommended by ~~said~~ the trustees ~~and approved by the commissioner of banking.~~

SECTION 50. 224.10 (2) of the statutes is repealed.

SECTION 51. 224.10 (3) of the statutes is amended to read:

224.10 (3) RULES OF BOARD OF TRUSTEES. The board of trustees of an Indian loan fund may establish rules for the administration of the fund ~~which are not in conflict with the rules of the office of the commissioner of banking.~~