

CHAPTER 215

SAVINGS AND LOAN ASSOCIATIONS

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215.01 Words and phrases defined. In this chapter the following definitions apply unless the context clearly indicates otherwise:

(1) "Association" means a savings and loan association or a building and loan association.

(2) "Board" means the board of directors of a savings and loan association.

(3) "Capital" means the aggregate of payments in such savings deposits, shares or other accounts, for fixed, minimum or indefinite periods of time (all of which are referred to in this chapter as "savings accounts") as are authorized by rules of the commissioner and earnings credited thereto, less withdrawals, redemption or depreciation charges made pursuant to this chapter.

(4) "Commissioner" means the commissioner of savings and loan.

(4m) "Earnings" means the return paid to members on their savings accounts, and may be designated as earnings or dividends and interest in the case of fixed term savings accounts.

(5) "Federal savings and loan association" means a savings and loan association organized pursuant to an act of congress, approved June 30, 1933, entitled "Home Owners' Loan Act of 1933," and any acts amendatory thereof and supplementary thereto.

(6) "Foreign association" means a savings and loan association organized under the laws of any other state or territory.

(7) "Guaranteed mortgage loans" mean loans partially guaranteed by the administrator of veterans' affairs of the U. S. veterans' administration under the servicemen's readjustment act of

1944, U. S. P. L. 78-346, and acts amendatory thereof and supplementary thereto.

(8) "Impairment of capital" means that the assets of an association do not have an aggregate appraised value equal to the capital and other liabilities of the association.

(9) "Insured association" means an association whose members' savings accounts are insured by the federal savings and loan insurance corporation.

(10) "Insured loans" means loans partially insured by the federal housing administrator.

(11) "Legal reserve" means the required statutory reserve, irrevocably established out of the association's net income, for the sole purpose of absorbing losses.

(12) "Member" means all persons holding savings accounts in a savings and loan association and all borrowers therefrom and obligors thereof.

(13) "Net income" means the gross income for any period, less the aggregate of the following:

- (a) Operating expenses;
- (b) Real estate expenses;
- (c) Losses sustained on the sale of securities, real estate and other assets that were not charged to reserves;
- (d) Interest paid or accrued on all borrowed money;
- (e) Other nonoperating charges;
- (f) State and federal income taxes.

(14) "Net operating income" means the gross operating income for an accounting period less the operating expenses.

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(15) "Office" means the office of the commissioner of savings and loan.

(16) "Operating expenses" mean all expenses paid or accrued during an accounting period exclusive of interest charges on borrowed money, losses sustained on the sale of assets, and other nonrecurring charges.

(17) "Operating income" means all income received during an accounting period, exclusive of nonrecurring income.

(18) "Review board" means the savings and loan review board.

(19) "Savings account" means the monetary interest of the holder thereof in the capital of a savings and loan association and consists of the withdrawal value of such interest.

(20) "State chartered savings and loan association" means a corporation organized pursuant to this chapter for the purpose of raising money to be loaned to its members.

(21) "Withdrawal value of savings accounts" means the aggregate of payments made thereon by members and earnings credited thereto, less withdrawal payments and depreciation charges.

(22) "Home office" means the principal place of business of the association.

(23) "Branch office" means a place of business other than the principal place of business of the association maintained and operated by the association where the business of a savings and loan association as described in this chapter is carried on.

215.02 Office of the commissioner of savings and loan.

(1) **QUALIFICATIONS, APPOINTMENT AND DUTIES OF DEPUTY COMMISSIONER.** No person is eligible for appointment as deputy commissioner unless he has had at least 3 years' actual experience in conducting a savings and loan association or serving in the office of the commissioner of savings and loan of this state, or a combination of both. The commissioner shall appoint the deputy commissioner, with the consent of the review board, under the classified service. The deputy commissioner shall possess all powers and perform the duties of the commissioner during a vacancy in that office and during the absence of or inability of the commissioner to serve.

(2) **FULL-TIME DEVOTION TO DUTIES OF OFFICE.** The deputy commissioner, examiners and clerks shall devote full time to the duties of their respective positions.

(3) **SURETY BONDS OF COMMISSIONER, DEPUTY COMMISSIONER, EXAMINERS, SPECIAL DEPUTY COMMISSIONERS AND SPECIAL ASSISTANTS TO COMMISSIONER.** Bonds shall be executed and filed as follows:

(a) The commissioner shall file an official bond in the sum of \$25,000 approved by the governor.

(b) The deputy commissioner, special deputy commissioners and examiners, each \$10,000.

(c) Special assistants to the commissioner, each \$10,000.

(d) The surety on every bond required under this subsection shall be a surety company licensed by this state.

(4) **IMMUNITY OF COMMISSIONER.** The commissioner shall not be subject to any civil liability or penalty, nor to any criminal prosecution, for any error in judgment or discretion made in good faith and upon reasonable grounds in any action taken or omitted by him in his official capacity.

(5) **ACTIONS VENUE.** Proceedings by any association to enjoin the commissioner in the discharge of his duties shall be had in the county where the savings and loan association is located, or in the state supreme court. All suits and proceedings arising out of this chapter, in which the state, or any of its officers or agents are parties, shall be conducted under the direction and supervision of the department of justice.

(6) **DISCLOSURE OF INFORMATION; PENALTY.** (a) The commissioner, and all other officers and employes of the office, and members of the review board shall keep secret all the facts and information obtained in the course of examinations, except so far as the public duty of such person requires him to report upon or take special action regarding the affairs of any association, and except when called as a witness in any criminal proceeding or trial in a court of justice; and except that such officers and employes may, under rules prescribed by the commissioner, compare notes as to matters affecting an association with an examiner of the federal home loan bank or federal savings and loan insurance corporation as to any association whose share accounts are insured by the federal savings and loan insurance corporation. The commissioner may furnish to the federal home loan bank or federal savings and loan insurance corporation or to any official or examiner thereof a copy of any examination made of any association or of any report made by such association, and may give access to and disclose to the federal home loan bank, federal savings and loan insurance corporation or to any official or examiner thereof any information possessed by him about the conditions or affairs of any association whose share accounts are insured by the federal savings and loan insurance corporation.

(b) If any person mentioned in par. (a) discloses the name of any debtor of any association or any information about the private account or transactions of such association, or discloses any fact obtained in the course of any examination of any association, except as provided in par. (a), he shall forfeit his office or position and may be fined not less than \$100 nor more than \$1,000, or imprisoned not less than 6 months nor more than 2 years or both.

(7) COMMISSIONER TO ISSUE ORDERS; REASONABLE RULES. (a) In addition to performing the duties prescribed in this chapter, the commissioner shall, with the approval of the review board, issue orders prescribing reasonable rules for conducting the business of associations, subject to the requirements of ch. 227.

(b) The violation of any such rule or order may be cause for the removal of any officer, director or employe of any association.

(8) REVOCATION OF CERTIFICATE OF INCORPORATION OR LICENSE. Whenever it appears to the commissioner that any association or corporation which has received a certificate of incorporation or a license to do business in this state is conducting its business in violation of this chapter, he shall report the facts to the department of justice which may bring an action to revoke the certificate of incorporation or license of such association or corporation.

(9) APPROVAL OF ACTS. Whenever any association requests approval of the commissioner for any act, which by statute requires such approval, he shall have 90 days in which to grant or deny such approval. If he fails to act, approval shall be deemed to have been granted.

(10) REMOVAL OF OFFICERS OR DIRECTORS.

(a) Whenever the commissioner is of the opinion that the loaning, investing or other policies or practices of any officer or director of any association have been prejudicial to the best interest of such association or its members, or that such policies or practices, if put into operation or continued, will endanger the safety or solvency of said association or impair the interests of its members, he may, with the approval of the review board, request the removal of such officer or director. Such request shall be served on the association and on such officer or director in the manner provided by law for serving summons in a court of record or shall be transmitted to said association and officer or director by registered mail with return receipt requested. If such request for removal is not complied with within a reasonable time fixed by the commissioner he may by order, with approval of the review board, remove such officer or director, but no order of removal shall be entered until after an opportunity for hearing before the re-

view board is given to such officer or director upon not less than 10 days' notice. An order of removal shall take effect as of the date issued. A copy of such order shall be served upon the association and upon such officer or director in the manner provided by law for service of a summons in a court of record or by mailing such copy to such association or officer or director at his last known post-office address. Any removal under this subsection shall be effective in all respects the same as if made by the board of directors or members of said association. Any officer or director removed from office under this subsection shall not be reelected as an officer or director of any association without the approval of the commissioner and the review board. An order of removal under this subsection shall be deemed a final order or determination of the review board within the meaning of s. 215.04 (4).

(b) The commissioner may appoint any member to fill the vacancies caused by removal of officers or directors. The members so appointed shall hold office until the next meeting of the members.

(11) ANNUAL REPORT TO THE GOVERNOR AND LEGISLATURE. In his annual report under s. 15.04 (4), the commissioner shall include a statement concerning the general conduct and condition of associations doing business in this state, including such facts and suggestions as he deems expedient. The annual report shall be based upon the individual annual reports of associations filed with him, and shall also include the information required in s. 215.32 (7) (a). The commissioner shall designate the number of copies of the report to be made available for distribution. Each association shall be entitled to one copy, the remainder to be for general distribution.

(12) DISPOSITION OF OBSOLETE RECORDS. The commissioner may turn over obsolete departmental records to the secretary of administration, pursuant to s. 16.80.

(13) CERTIFIED COPIES OF RECORDS; FEES THEREOF. (a) Copies of all records and papers in the office of the commissioner, certified by him and authenticated by his seal of office, shall be evidence in all cases equally and of like effect as the original.

(b) Whenever the commissioner furnishes a certified copy of any paper or record, he shall be entitled to the actual cost of making such copy and \$1 shall be charged for each certificate. All such fees shall be paid by the commissioner into the general fund to the credit of the office.

(14) FEES FOR OFFICE PUBLICATIONS. (a) Whenever extra copies of statutory reprints of this chapter, the annual report of savings and

loan associations or any other publication published by the office are requested, such extra copies shall be furnished upon payment of such fee as the commissioner determines. All such fees shall be paid by the commissioner into the general fund to the credit of the office.

(b) Upon request, extra copies may be distributed free to agencies or legislators of this state or any other state, county clerks and to the courts of this state, trade organizations and any other agencies of the United States.

(15) **HEARINGS, FINDINGS AND ORDERS ON COMPLAINTS AGAINST ASSOCIATIONS.** (a) If a petition is filed with the commissioner stating that an association fails to pay its debts on demand, or when not less than 25 members of an association file with the commissioner a petition stating that the association or the officers or directors of such association fail to honor withdrawal request of savings accounts under this chapter, or stating that the officers or directors are conducting the business of the association in an unsafe or unauthorized manner, or stating that by the acts or negligence of officers or directors the funds or assets of the association are or may become impaired, the commissioner shall, within 10 days after its receipt, proceed to hear such petition. A copy of the petition shall be mailed or delivered to the association at least 3 days before the hearing. Not less than 3 days before the date of hearing, a notice stating the date, time and place for the hearing shall be mailed or delivered to the association and the party petitioning.

(b) At the time and place so fixed, unless by stipulation some other time and place is fixed, the commissioner shall hear all parties interested and shall cause the testimony given to be reduced to writing, or he may designate some person employed in his office to take testimony, hear the petition and file the testimony with the commissioner.

(c) The commissioner shall within a reasonable time make findings as to all matters covered by the petition and make such order as he deems just and reasonable.

(d) The findings and order of the commissioner shall be final unless modified by the court.

(e) Chapter 286 shall not apply to associations organized under this chapter.

(16) **CAPITAL FEES; ANNUAL FEES; REGULAR AND SPECIAL EXAMINATION COSTS.** (a) *Capital fees.* On or before July 15 of each year, every association carrying on business in this state shall pay to the commissioner an annual capital fee of \$25.

(b) *Annual fee.* In addition to such capital fee, associations organized pursuant to this chapter shall, on or before July 15, pay an an-

nual fee as determined by the commissioner and the review board, but not exceeding 12 cents per \$1,000 of assets or fraction thereof.

(c) *Penalty for failure to pay fees.* An association failing to pay such capital fee and annual fee to the commissioner by July 15 of each year shall, if ordered by the commissioner, forfeit \$10 for each day it fails to pay such fees.

(d) *Regular examination costs.* 1. On or before June 30 of each year the commissioner and the review board shall fix a per diem charge for the services of each examiner used in the examination of an association, for the next 12 months. Such per diem charge shall be the same for all associations. The hours constituting a day shall be that which is fixed for state employees by s. 16.275.

2. After the per diem charge for each examiner has been fixed by the commissioner and review board, each association shall be uniformly billed for examinations during the ensuing year on a fixed per diem basis for each examiner engaged in such examination.

3. Every charge so made to an association shall be paid within 30 days from the time the association receives notice of the assessment.

(e) *Special examination costs.* The commissioner shall charge any special costs and expenses incurred because of special work required by him, caused by an association not having proper or sufficient management or failing to keep its books, records and other matters in a standard and approved manner. An itemized statement of such charges must be submitted to the association.

(f) *Penalty for failure to pay examination costs.* Any association failing to pay the assessments under pars. (d) and (e) shall be subject to the penalty under par. (c) for each day it fails to pay such charge or assessment after it becomes due.

215.03 Supervision and control of associations. (1) **TYPES OF ASSOCIATIONS SUPERVISED AND CONTROLLED BY THE COMMISSIONER.** All associations organized under this chapter or similar laws, or permitted by license to transact, in this state, a business similar to that authorized by this chapter, shall be under the supervision and control of the commissioner.

(2) **ANNUAL SUPERVISORY EXAMINATIONS.** (a) At least once within every 18-month period, the commissioner shall examine the affairs of all such associations and for that purpose he or the examiners appointed by him shall have 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. Neither the commissioner nor any employe of the office shall examine an association in which he is interested as an officer or director.

(b) The commissioner may accept an examination-audit made by the federal home loan bank board or any other governmental agency authorized to make examination-audits of savings and loan associations pursuant to their rules and regulations. The examination-audit must comply with the procedure established by the commissioner.

(3) SPECIAL EXAMINATIONS. Special examinations shall be made upon written request of 5 or more members, they guaranteeing the expense.

(4) REFUSAL TO SUBMIT TO AN EXAMINATION. Any association refusing to submit to an examination so ordered or requested, shall be reported to the attorney general, who shall institute proceedings to revoke its certificate of incorporation for such refusal.

(5) ACCOUNTING AND BOOKKEEPING PROCEDURE PRESCRIBED BY COMMISSIONER. (a) Whenever it appears to the commissioner that any association does not keep books and accounts in such manner as to enable him to readily ascertain its true condition, he may require the officers of such associations or any of them to open and keep such books or accounts as he prescribes.

(b) Any association that fails to open books or keep books or accounts as prescribed by the commissioner, shall, at the discretion of the commissioner, forfeit \$10 for each day it so fails. If the association fails to pay the forfeiture, the commissioner may institute proceedings to recover such forfeitures.

(6) FILE ANNUAL REPORTS. (a) All associations subject to the supervision and control of the commissioner shall file with said commissioner, not later than February 1, an annual report of their activities of the preceding year, upon forms furnished by the commissioner. This annual report shall include a true and verified copy of a statement of condition as at the close of December 31 of the preceding calendar year, a statement of its operations during that period and such other information as the commissioner requires. Attached to the annual report shall be a copy of the printed statement of condition, as of December 31, which shall be available to the members of the association.

(b) If such association fails or refuses to furnish the report herein required, it shall be subject, at the discretion of the commissioner, to a forfeiture of \$10 per day for each 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 general fund.

(8) RELOCATION OF ASSOCIATION OFFICE.

(a) Any association, which determines to move its main office or branch to some other location not more than one mile from its then location, shall make an application to the commissioner. The commissioner may approve or deny such application for relocation.

(b) Any association, which determines to move its main office or branch to some other location more than one mile from its then location, shall make an application to the commissioner. The commissioner shall hold a public hearing on such application and shall give notice thereof as provided in s. 215.07 (7). In approving or denying such application for relocation, the commissioner shall ascertain the need for such relocation and determine whether undue harm or injury would be caused to any properly conducted association or branch now doing business in the area or vicinity of the proposed relocation.

(9) APPLICATION TO ESTABLISH BRANCHES; APPEAL. (a) Any association desiring to establish one or more branch offices, subject to the limitations of s. 215.13 (39), shall make application to the commissioner in such form as he prescribes, giving such information as the commissioner requires. Each application shall be accompanied by a fee of \$500. The commissioner shall assign a date and place for hearing on the application and shall give notice thereof as provided in s. 215.07 (7). The commissioner shall have discretionary power in granting certificates of authority to maintain and operate branch offices. He may refuse to issue such certificates when, in his opinion, such branch is not in the best interests of the public, or when other good and sufficient reasons exist for such refusal.

(b) It is the intent of this section to provide adequate and convenient savings and loan facilities for the public. When 2 or more applications for a branch in the same area are pending, priority of application shall be considered but not be controlling, and the commissioner shall give consideration to the equitable distribution of branches among the associations making application.

(c) Review of the decision of the commissioner in regard to applications for branches shall be governed by s. 215.04 (4).

215.04 Savings and loan review board.

(1) DUTIES. The duties of the review board shall be to:

(a) Advise the commissioner, deputy commissioner and others in respect to improvement in the condition and service of associations;

(b) Review the acts and decisions of the commissioner;

(c) Act promptly on matters and questions, pertaining to associations, that may be submitted to it by the commissioner;

(d) Serve as an appeal board for associations under s. 215.07 (18);

(e) Perform such other review functions in relation to associations as may be provided by law;

(f) Conduct hearings and take testimony, and to subpoena and swear witnesses at such hearings. The advisory committee shall have the same subpoena powers as are possessed by the department of industry, labor and human relations and also the powers granted by s. 885.01 (4);

(g) Conduct examinations of associations by one or more of its members when said members are so appointed by the commissioner and required to submit a report and findings of such examination to the commissioner or when said members are so appointed upon motion of the advisory committee, with the affirmative vote of 5 members, and required to submit its findings and report to the advisory committee and the commissioner. The advisory committee shall thereupon make recommendations to the commissioner as to the report and its findings. Any member of the advisory committee appointed under this paragraph shall have the same powers and duties, in making examinations, as examiners under this chapter.

(2) **APPEARANCE OF INTERESTED PERSONS AT BOARD PROCEEDINGS.** Any party interested may appear in any proceedings of the review board and may participate in the examination of witnesses and present evidence.

(3) **FEES OF SUBPOENAED WITNESSES.** (a) Any person causing a witness to be subpoenaed shall advance the fees and mileage of such witness which shall be the same as in circuit court.

(b) The fees of witnesses who are called by the review board in the interests of the state shall be paid by the state in the same manner that other expenses are paid, upon presentation of proper vouchers approved by a member of the review board and charged to the appropriation of the office.

(4) **REVIEW OF GRIEVANCES, ORDERS OR DETERMINATIONS.** Any interested person or any association aggrieved by any act, order or determination of the commissioner, which relates to savings and loan associations may, within 20 days from the date thereof, apply to the review board to review the action of the commissioner. Such applications shall be considered and disposed of as speedily as possible.

(5) **DISCRETION OF BOARD.** The review board may require the commissioner to submit to it any of his official actions relating to associations for its approval.

(6) **REVIEW OF FINAL ORDERS AND DETERMINATIONS.** Any final order or determination of the review board shall be subject to review under ch. 227.

(7) **MEMBERS DISQUALIFIED TO ACT.** No member of the review board shall be qualified to act in any matter involving the association of which he is an officer or director.

215.05 Articles of incorporation. (1) **FORM AND CONTENT.** The articles of incorporation of associations shall be in such form and contain such information as is determined by the commissioner with the approval of the review board.

(2) **FILING AND APPROVAL.** Duplicate originals of the articles of incorporation executed by the incorporators, and any subsequent amendments thereto adopted by the members of the association, shall be filed with the commissioner and approved by him.

(3) **RECORDATION.** Articles of incorporation and supplementary amendments thereto, after having been approved by the commissioner, shall be recorded in the office of the register of deeds of the county in which the association is located.

(4) **AMENDMENT PROCEDURE.** Amendments to the articles of incorporation may be made at any special meeting of the members duly called for that purpose or at any annual meeting of the members, provided that a statement of the nature of the proposed amendment is included in the notice of meeting. The proposed amendment shall be adopted upon receiving the affirmative vote of at least 51 per cent of the total eligible votes thereon, pursuant to s. 215.08 (6).

(5) **AMENDMENT FEE.** The fee for filing amendments to the articles of incorporation is \$10, which shall be paid to the commissioner, and all fees received by him shall be paid into the general fund to the credit of the office.

(6) **EFFECTIVE DATE.** The effective date of articles of incorporation and amendments thereto shall be the date when the commissioner receives the certificate of the register of deeds that such documents have been recorded.

215.06 Bylaws. (1) **FORM AND CONTENT.** The bylaws of associations shall be in such form and contain such information as is determined by the commissioner with the approval of the review board.

(2) **FILINGS AND APPROVAL.** Duplicate originals of the bylaws and any subsequent amend-

ments thereto shall be filed with the commissioner and approved by him.

(3) **EFFECTIVE DATE.** The effective date of bylaws and amendments thereto shall be the date when approved by the commissioner.

(4) **BYLAWS AVAILABLE TO MEMBERS.** Each association shall have its bylaws prepared in convenient form and upon request shall furnish a copy to any member.

(5) **AMENDMENTS TO BYLAWS.** The bylaws of the association may be amended as prescribed therein.

215.07 Incorporation. (1) **USE OF NAME.** A corporation organized under this chapter shall be known as a savings and loan association. The words "Savings and Loan Association" shall form part of the name of every such association organized, and no corporation not organized under this chapter shall use a name embodying those words, except that associations now [1963] existing may continue their present names. The name adopted by any association shall not be the same as that of any other association, nor so similar as to be misleading.

(2) **MINIMUM MEMBERSHIP AND CAPITAL.** The commissioner and review board shall determine the minimum membership required to organize a savings and loan association in any locality, the minimum amount of capital to be paid into the association by subscribers for savings accounts, the length of time for which the incorporators shall guarantee or pay the association's operating expenses, and such other requirements as they may deem necessary or desirable.

(3) **WHO MAY ORGANIZE.** Adult citizens of this state, hereinafter referred to as incorporators, desiring to organize an association under this chapter shall make application to the commissioner as prescribed on forms furnished by the commissioner.

(4) **APPLICATION TO ORGANIZE.** The application to organize an association shall be in duplicate and shall set forth:

- (a) The location of the proposed association;
- (b) The character of the business to be transacted;
- (c) The full name, residence and occupation of each incorporator;
- (d) The need of an association in the locality in which the proposed association intends to locate;
- (e) Such other information as the commissioner requires.

(5) **APPLICATION FEE.** The applicants shall pay to the commissioner \$200 to defray the cost of investigation, which sum shall be paid by

him into the general fund to the credit of the office.

(6) **EXPENSE FUND.** (a) Along with the application, the incorporators shall file an agreement with the commissioner that, in addition to their initial capital subscriptions paid into savings accounts, they will create an expense fund in an amount not less than one-half of the minimum capital requirement, the purpose of the expense fund being to take care of organization expenses, operating deficits, mandatory reserve requirements, earnings distributions and losses.

(b) This expense fund shall become a part of the assets of the proposed association if the commissioner approves the application and will be reflected on the books as a liability under the caption "Subsidy by incorporators."

(c) Whenever the income of any period is insufficient to pay expenses, provide the necessary additions to reserves or pay a competitive rate of earnings, appropriate charges shall be made to this liability account.

(d) At the end of 3 years of corporate existence, the board of directors may petition the commissioner for authority to repay the incorporators on a pro rata basis, any unused portion remaining in the subsidy by directors. If the commissioner determines that the operations of the association at that point are of such degree as to enable the association to operate as an independent institution, requiring no further subsidy, he may authorize such repayment.

(e) At the end of the fourth year, and each year thereafter, the board of directors of the association may petition the commissioner for authority to pay out of current income of any period to the incorporators on a prorata basis, the amount remaining after payment of expenses, provision for taxes, required transfers to reserves, and the provision for distribution of earnings as a recovery of previous charges made to the subsidy by incorporators. The commissioner shall have discretionary authority to approve or deny such petition for recovery payments. In no event shall refunds of this type exceed the total of the charges made to the subsidy by incorporators.

(f) The contributions made to the expense fund shall be noninterest bearing.

(7) **NOTICE OF APPLICATION AND HEARING THEREON.** Upon receipt of an application properly executed, the commissioner shall, within 30 days, forward to the applicants a copy of an official notice of application for authority to organize an association, which notice shall contain the facts required to be given in the application, and assign a date and place for hearing on the application. The notice shall be mailed by the commissioner to all associations doing

business within a radius of 4 miles in Milwaukee county and 20 miles in other counties, and also to all associations located within the county of the proposed location of the new association, and shall be published by the applicants within 4 weeks prior to the hearing, as a class 3 notice, under ch. 985, in the city, town or village where the association is to be located. Proof of publication shall be filed with the commissioner.

(8) **CERTIFICATION OF AUTHORITY, WHEN ISSUED.** If the application is approved, the commissioner shall issue to the incorporators a certificate of authority to effect a temporary organization, consisting of a chairman, a secretary and a treasurer; to execute and file articles of incorporation; to adopt and file bylaws; to adopt rules for the procedure of the incorporators; to conduct the first meeting of members; and to open subscription books for savings accounts.

(9) **POWERS OF INCORPORATORS.** The incorporators shall, until the completion of the organization, exercise such other powers as are conferred upon the incorporators of other corporations so far as such powers are not in conflict with this chapter.

(10) **SURETY BOND OF OFFICERS.** The incorporators shall require a surety bond in a suitable amount from the treasurer and other officers who may handle funds of the temporary organization.

(11) **CERTIFICATE OF AUTHORITY, WHEN VOIDED.** The certificate of authority shall be void after 90 days from its date, but the commissioner may for cause, after a hearing, extend the life of such certificate for such time as he deems advisable.

(12) **COMPENSATION FOR ORGANIZING PROHIBITED.** No person shall directly or indirectly receive or contract to receive any commission, salary, compensation, bonus, rights or privileges for organizing the association, or for securing a subscription to the original capital of the association, as provided in sub. (2). This section does not prohibit attorneys at law from receiving reasonable compensation for legal services in connection therewith, after the association has been granted a certificate of incorporation. Whoever violates this subsection shall forfeit to the state \$1,000 for each violation, and in addition double the amount of his commission, salary, compensation or bonus.

(13) **CERTIFICATE OF COMPLIANCE.** (a) Within the time prescribed in sub. (11), the incorporators shall file with the commissioner a certificate stating:

1. That articles of incorporation have been executed, filed with the commissioner and approved by him, and recorded; and

2. That the first meeting of members was held and that directors and officers were elected at such meeting; and

3. That bylaws were adopted at the first meeting of members, filed with the commissioner and approved by him; and

4. That the minimum number of required members was obtained, and that said members, in the aggregate, paid to the association the required initial capital; and

5. That the funds, representing the initial capital, have been deposited in the association's designated depository bank; and

6. That the incorporators, in accordance with the requirement of sub. (6), paid to the association the moneys for an expense fund; and

7. That the moneys, representing the expense fund, have been deposited in the association's designated depository bank; and

8. That ground floor, independent office quarters have been obtained for the proposed association; and

9. That necessary action has been taken to obtain membership in the federal home loan bank, and insurance of accounts for members from the federal savings and loan insurance corporation.

(b) No business, other than that of completing the organization of the proposed association, may be transacted until such time as the commissioner issues a certificate of incorporation to the association to commence business.

(14) **CERTIFICATE OF INCORPORATION, WHEN ISSUED.** Upon receipt of the certificate of compliance from the incorporators, the commissioner may within 30 days issue a certificate of incorporation to the association under his hand and seal authorizing said association to commence business. The date appearing on the certificate of incorporation shall be the date of the corporate existence of the association.

(15) **FEE FOR CERTIFICATE OF INCORPORATION.** The incorporators shall pay to the commissioner a fee of \$50 for the certificate of incorporation, which sum shall be paid by him into the general fund to the credit of the office.

(16) **CERTIFICATE OF INCORPORATION, WHEN VOIDED.** Any association failing to commence business within one year from the date of the certificate of incorporation shall have its corporate existence terminated, and its articles of incorporation and certificate of incorporation shall be void.

(17) **DISCRETIONARY AUTHORITY.** The commissioner shall have discretionary power in the granting of certificates of authority to incorporators desiring to organize such associations. He may also refuse to issue certificates of incor-

poration to the incorporators to commence business when, in his opinion, the incorporators or any of them are not of such character and general fitness as to warrant belief that the association will be conducted for the best interest of its members; the location of the association is so close to an existing association that its business might be interfered with and the support of the new association would not be such as to assure its success; or when other good and sufficient reasons exist for such refusal.

(18) **APPEAL BY APPLICANTS AFTER BEING DENIED CERTIFICATE OF AUTHORITY.** If the commissioner refuses to grant a certificate of authority to organize an association, and the applicants feel aggrieved thereby, they may appeal to the review board to review the commissioner's determination under s. 215.04 (1) (d) and (4).

(19) **DEFINITION OF A SAVINGS AND LOAN ASSOCIATION.** Any association organized pursuant to this chapter is a mutual corporation created for the purpose of raising money to be loaned to its members.

(20) **GUARANTY STOCK OR PERMANENT STOCK ASSOCIATIONS PROHIBITED.** The organization of an association as a guaranty stock or a permanent stock association is prohibited.

215.08 Members and membership. (1) DEFINITION OF MEMBER. All persons holding savings accounts in an association and all borrowers therefrom and obligors thereof are members.

(2) **WHO MAY BECOME A MEMBER.** Any person, firm, corporation, fiduciary, association or federal agency may become a member of any association by subscribing in writing for membership therein and by either the holding of a savings account in or by borrowing money from such association.

(3) **MAXIMUM OWNERSHIP OF SAVINGS ACCOUNTS.** Unless the board of directors determines otherwise, the aggregate amount of the withdrawal value of any member's savings account or savings accounts shall be unlimited.

(4) **OWNERSHIP OF SAVINGS ACCOUNTS BY MINORS. (a)** Minors under 14 years of age may own savings accounts held by a trustee or guardian.

(b) Minors above the age of 14 years may own savings accounts, and shall then be subject to the same duties and liabilities as adult members. Payment for the withdrawal of savings accounts may, in the discretion of the board, be made to such minor, his parents or guardian, and the payments made on such withdrawals shall be valid, as well as payments on forfeited savings accounts or redeemed savings accounts.

(5) **MEETINGS OF MEMBERS.** Annual and special meetings of members shall be held in accordance with the method prescribed in the bylaws.

(6) **VOTING RIGHTS. (a)** Each member shall have one vote for each \$100 or fraction thereof of the withdrawal value of his savings accounts. Each borrowing member, as such, shall have one vote, and such number of votes to which he may be entitled as a holder of a savings account.

(b) At any meeting of members, voting may be in person or by proxy. Every proxy shall be in writing and signed by the member or his duly authorized attorney in fact.

(c) If a member appears at a meeting, his proxy shall be void for that meeting.

(d) Any proxy, when filed with the secretary, shall, unless otherwise specified in the proxy, continue in force from year to year until revoked by a written notice delivered to the secretary or until superseded by subsequent proxies.

(7) **TERMINATION OF MEMBERSHIP. (a)** Any member who has filed a written request for the withdrawal of his savings account under s. 215.17 shall remain a member and be subject to and shall have all rights, privileges, duties as such, until the withdrawal value of such savings accounts has been paid to him.

(b) When any member's savings account, in the amount of less than \$100, remains inactive by the failure of said member to make any payments thereon for 3 years, the board may declare his membership forfeited and all his rights, privileges and duties, including the right to vote and to participate in the distribution of earnings, terminated. The withdrawal value of a savings account declared forfeited shall be set aside in a separate liability account by the association and held for the benefit of such individual.

(8) **MEMBERSHIP CHARGES PROHIBITED.** No membership, admission, withdrawal or any other fee or sum shall be charged for the privilege of becoming, remaining or ceasing to be a member of the association.

(9) **ACCESS TO BOOKS AND RECORDS.** Every member shall have the right to inspect such books and records of an association as pertain to his loan or savings account. The right of inspection and examination of the books and records shall be limited to the commissioner or his duly authorized representatives, persons duly authorized to act for the association, and any federal agency authorized to inspect and examine books and records of an insured association. The books and records of an association pertaining to savings accounts and loans of members shall be kept confidential by the association, its directors, officers and employees, and no member or any other person shall have ac-

cess to the books and records or shall be furnished or shall possess a partial or complete list of members.

215.09 Directors. (1) **MANAGEMENT RESPONSIBILITY.** The government and management of an association shall be vested in a board of directors, who are charged with the responsibility of compliance with this chapter, orders of the commissioner, rules of the commissioner as appearing in the Wis. Adm. Code, the articles of incorporation and bylaws of the association, and other laws applicable to savings and loan operations.

(2) **QUALIFICATIONS OF DIRECTORS.** In order to qualify as a director, a member must be a resident of this state and must have a savings account, the withdrawal value of which is at least \$500, during his term of office. A director automatically ceases to be a director when he ceases to be a member, or when the withdrawal value of his savings account is less than \$500.

(3) **NUMBER OF DIRECTORS.** The board of directors shall consist of such number as designated in the bylaws.

(4) **ELECTION OF DIRECTORS.** The directors shall be elected by the members in accordance with the bylaws.

(5) **VACANCY ON BOARD OF DIRECTORS.** Any vacancy on the board of directors may be filled by the majority vote of the remaining directors in accordance with the bylaws.

(6) **OATH OF DIRECTORS.** Upon election, every director shall take and subscribe an oath that he will diligently and honestly perform his duty in such office and will not knowingly violate or willingly permit to be violated any provisions of this chapter, the rules of the commissioner, the articles of incorporation and the bylaws under which the association operates.

(7) **DIRECTORS TO FIX COMPENSATION.** The compensation of officers, directors, employees and committee members shall be fixed by a majority vote of the board of directors in accordance with the bylaws. In addition, the board of directors may, by resolution, create a fund or join a pension system or enter into deferred compensation agreements for the retirement of its officers and employees, subject to specific, prior approval of the commissioner and the review board.

(8) **MAY ESTABLISH EXECUTIVE COMMITTEE.** The board of directors may appoint and remove, by resolution, an executive committee, the members of which shall be directors, and which committee shall have the power of the board when not in session.

(9) **MEETINGS OF THE BOARD OF DIRECTORS.** The board of directors shall hold regular

or special meetings in accordance with the bylaws.

(10) **PROMULGATION OF RULES AND REGULATIONS.** The board of directors, may by resolution, adopt such rules and regulations for the conduct of business, provided that such rule or regulation is consistent with this chapter, the rules of the commissioner, the articles of incorporation and bylaws.

(11) **REMOVAL OF OFFICERS OR DIRECTORS.** The board of directors may remove from office any officer or director, after an opportunity afforded him for being heard, who violates this chapter, the rules of the commissioner, the articles of incorporation, the bylaws, orders of the commissioner or any other law applicable to savings and loan operations.

(12) **MAY FIX AND DETERMINE INTEREST RATES ON LOANS.** The board of directors shall fix and determine the interest rate to be charged on all loans, provided such rates of interest conform to the general range of interest rates approved by the commissioner.

215.10 Officers. (1) **GENERAL OFFICERS.** The general officers of an association shall be a president, one or more vice presidents, secretary, treasurer and such other officers as the directors by resolution designate. The president shall also be a director.

(2) **WHEN ELECTED.** Immediately following each annual meeting of members, the directors shall convene and elect general officers for the ensuing year, in accordance with the bylaws.

(3) **DUTIES OF OFFICERS.** The officers shall, in addition to the duties and functions prescribed in the articles of incorporation and the bylaws, perform such other duties as are delegated by the directors.

(4) **FILLING VACANCIES.** Whenever any vacancy occurs in any general office, the directors shall, as soon as practicable, fill such vacancy by an election for the then unexpired term.

(5) **REMOVAL OF OFFICERS.** Sections 215.02 (10) (a) and 215.09 (11) shall apply to the removal of officers of an association.

215.11 Surety bond of association's officers, directors and employees. (1) **WHO SHALL FURNISH BOND; TYPE AND FORM.** Before entry upon the discharge of his duties, every person appointed or elected to any position requiring receipt, payment or custody of money or other personal property of an association or in its custody or control as collateral or otherwise shall give a bond in some surety company, licensed by this state, in such sum as the commissioner prescribes. In lieu of individual bonds, the commissioner may accept a schedule

or blanket bond which covers all of the officers, directors and employes of the association, whose duties include the receipt, payment or custody of money or other personal property. Such bonds shall be in the form prescribed by the commissioner.

(2) **SURETY BONDS TO BE APPROVED BY THE BOARD AND FILED WITH THE COMMISSIONER.** No officer, director or employe who is required to give bond shall enter upon the discharge of his duties until his bond has been approved by the board. The minute book of the association shall contain a record of each bond executed and approved. Such bonds shall be filed with the commissioner within 10 days after approval by the board.

(3) **SURETY BOND COVERAGE.** Such bond shall be sufficient to protect the association 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 an additional bond.

(4) **PROVISIONS OF SURETY BONDS.** Every such bond shall also include the following provisions:

(a) No 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. If this bond is terminated at the request of the insured (employer) this provision shall apply nevertheless, it being the duty of the surety to give the required written notice to the commissioner, such notice to be given promptly and within 10 days after the receipt of such request;

(b) The surety agrees to furnish the commissioner, at Madison, a copy of all riders and endorsements executed subsequently to the effective date of this bond.

(5) **COMMISSIONER MAY CONSENT TO TERMINATION AND WAIVE NOTICE THEREOF.** The commissioner may waive, as to the termination of any bond, the 10-day written notice in advance and may give his written consent to the termination being made effective as of a date agreed upon by the surety and the association.

(6) **TERMINATION OF SURETY BOND UPON DISCOVERY OF ANY DISHONEST ACT.** Subsection (4) shall not in any way modify or affect or render invalid a provision therein that the bond shall terminate as to any person covered thereby, upon the discovery by the association of any dishonest act on his part.

(7) **PENALTY FOR FAILURE TO FURNISH SURETY BOND.** Any violations of subs. (1) and (2) shall subject the association to a fine of \$10 per day for each consecutive day of such viola-

tion and it is the duty of the attorney general to recover any such penalties by action in behalf of the state.

215.12 Penalty for dishonest acts; falsification of records. Every officer, director, employe or agent of any association who steals, abstracts, or wilfully misapplies any property of the association, whether owned by it or held in trust, or who, without authority, issues or puts forth any certificate of savings accounts, assigns any note, bond, mortgage, judgment or decree, or, who makes any false entry in any book, record, report or statement of the association with intent to injure or defraud the association or any person or corporation, or to deceive any officer or director of the association, or any other person, or any agent appointed to examine the affairs of such association, or any person who, with like intent, aids or abets any officer, director, employe or agent in the violation of this section, shall be imprisoned in the state prison for not to exceed 20 years.

215.13 Powers. Savings and loan associations may:

(1) **CAPITAL.** Raise capital by accepting payments from members for savings accounts in accordance with s. 215.14.

(2) **EVIDENCE OF SAVINGS ACCOUNT OWNERSHIP.** Issue to members evidence of ownership of a savings account in accordance with s. 215.15.

(3) **DECLARATION AND DISTRIBUTION OF EARNINGS.** Declare and distribute earnings to members holding savings accounts in accordance with s. 215.16.

(4) **WITHDRAWALS OF SAVINGS ACCOUNTS.** Pay withdrawal requests of savings accounts, in part or in full, in accordance with s. 215.17.

(5) **REDEEM SAVINGS ACCOUNTS.** Redeem savings accounts, in part or in full, in accordance with s. 215.18.

(6) **LOANS ON SAVINGS ACCOUNTS.** Make loans to members on the security of savings accounts in accordance with s. 215.19.

(7) **PROPERTY IMPROVEMENT LOANS.** Make property improvement loans in accordance with s. 215.20.

(8) **INSURED OR GUARANTEED LOANS. (a)** Make secured or unsecured loans to members which are partially insured or guaranteed in any manner by the United States or any instrumentality thereof or for which there is a commitment to so insure or guarantee, pursuant to ch. 219.

(9) **MORTGAGE LOANS.** Make mortgage loans to members on the security of first liens

on real estate or leaseholds in accordance with s. 215.21.

(10) **ADDITIONAL COLLATERAL TO MORTGAGE LOANS.** Accept additional collateral to mortgage loans in accordance with s. 215.21 (10).

(11) **PURCHASING MORTGAGE LOANS.** Purchase mortgage loans in accordance with s. 215.21 (13).

(12) **SERVICING OF PURCHASED MORTGAGE LOANS.** Negotiate servicing agreements to enable vendors of mortgage loans, purchased by the association, to collect payments for transmission to the association, in accordance with s. 215.21 (13).

(13) **SELLING MORTGAGE LOANS.** Sell mortgage loans in accordance with s. 215.21 (14).

(14) **SERVICING OF MORTGAGE LOANS SOLD.** Negotiate servicing agreements to enable the association to collect payments for transmission to the purchasers of mortgage loans in accordance with s. 215.21 (14).

(15) **PURCHASING PARTICIPATING INTERESTS IN MORTGAGE LOANS.** Purchase participating interests in mortgage loans from other lenders and negotiate servicing agreements with said lenders in accordance with s. 215.21 (15).

(16) **SELLING PARTICIPATING INTERESTS IN MORTGAGE LOANS.** Sell participating interests in mortgage loans, to other lenders, and negotiate servicing agreements with said lenders in accordance with s. 215.21 (15).

(17) **ACQUIRING REAL ESTATE.** Acquire real estate to enforce protection of its securities in accordance with s. 215.22 (1).

(18) **SELLING OF ACQUIRED REAL ESTATE.** Sell acquired real estate in accordance with s. 215.22 (2).

(19) **ACQUIRING REAL ESTATE SUBJECT TO SALES CONTRACTS.** Acquire real estate, subject to a sales contract, from any instrumentality of the United States.

(20) **PURCHASING PROPERTY IMPROVEMENT LOANS.** Purchase secured or unsecured property improvement loans from any person, whether or not such loans are partially insured or guaranteed in any manner by the United States or any instrumentality thereof, provided such loans could have been made by the association in the first instance.

(21) **ACQUIRING ASSETS OF OTHER ASSOCIATIONS.** Acquire all or any part of the assets of any other association with prior approval of the commissioner.

(22) **SELLING OF ASSETS TO OTHER ASSOCIATIONS.** Sell all or any part of its assets to any other association with prior approval of the commissioner.

(23) **ASSOCIATION OFFICE BUILDING.** Acquire real estate for use as the association's office building in accordance with s. 215.23.

(24) **MEMBERSHIP IN ANY FEDERAL FINANCE OR CREDIT CORPORATION.** Become a member in any federal finance or credit corporation organized by an act of congress for aiding associations to utilize their resources and credit. Membership in such federal finance or credit corporation to include:

- (a) Purchasing stock therein;
- (b) Purchasing notes and debentures thereof;
- (c) Borrowing money therefrom, not exceeding that allowed under sub. (28).

(25) **MEMBERSHIP IN A NATIONAL MORTGAGE COMPANY.** Become a member in, and purchase stock or securities of a national mortgage company, under the national housing act approved June 27, 1934, and acts amendatory thereof and supplemental thereto.

(26) **INVESTMENT SECURITIES.** Invest in the following types of securities, subject to such limitations as may be fixed by the commissioner:

- (a) United States government securities;
- (b) Savings accounts of savings and loan associations doing business in the state;
- (c) Savings accounts of savings and loan associations, located outside the state, providing such savings accounts are insured by an instrumentality of the United States;
- (d) Bonds, notes or other evidences of indebtedness which are a general obligation of any city, town, village, county or school district in this state;
- (e) Certificates of deposit of a state or national bank.
- (f) Such other types of securities which may be approved and authorized by the commissioner.

(27) **LEND MONEY TO OTHER ASSOCIATIONS.** Lend money to other savings and loan associations incorporated and operating under this chapter, subject to approval of the commissioner.

(28) **BORROWING MONEY.** Borrow money and issue its obligations therefor, the aggregate of which shall not exceed 20 per cent of its total assets, except with the approval of the commissioner an association may borrow an amount not exceeding 50 per cent of its total assets.

(29) **ASSIGN COLLATERAL FOR BORROWED MONEY.** Assign as collateral for borrowed money its mortgages and mortgage notes or any of the securities enumerated in sub. (26).

(30) **INTEREST AND OTHER CHARGES.** Assess and collect from members interest, premiums, fines, fees and other charges. No savings and loan association shall demand or receive for

loans or discounts a rate of interest exceeding that allowed by law.

(31) **INSURANCE OF SAVINGS ACCOUNTS.** Insure the savings accounts of members only in an instrumentality created by an act of congress.

(32) **ACT AS AGENT FOR THE UNITED STATES.** Whenever designated by the secretary of the treasury of the U. S. or any other instrumentality of the U. S., and authorized by a resolution of the board of directors, act as agent for them, and perform all duties as agent that may be required.

(33) **STORE MICROFILM RECORDS OF OTHER ASSOCIATIONS.** Act as custodian or keeper of microfilm records of other savings and loan associations for a fee.

(34) **PLACE MICROFILM RECORDS FOR STORAGE AT OTHER ASSOCIATIONS.** Place microfilm records of the association for storage and safekeeping with another association for a fee.

(35) **MEMBERSHIP IN A RECORD STORAGE CORPORATION.** Create or form a separate corporation or association, purchase stock therein, and maintain such organization through fees, the sole purpose of such corporation or association being that of a custodian of any microfilm records of any association having membership therein.

(36) **SELL JUDGMENTS.** Sell any judgment to any person with prior approval of the commissioner.

(37) **OMNIBUS POWERS.** Exercise all powers necessary and proper to carry out the purposes of the association.

(38) **EDUCATIONAL LOANS TO MEMBERS.** Make loans to members to defray the expense of attending any college or university.

(39) **BRANCHES.** Subject to the approval of the commissioner, any savings and loan association may establish and maintain one or more branch offices within the normal lending area of the home office, as defined in s. 215.21 (2). Savings and loan associations may promote thrift in their local schools by accepting payments in the school upon savings accounts of the teachers and pupils.

(40) **LOCATION OF BRANCHES.** Whenever associations are absorbed or consolidated under s. 215.27 or 215.28, a branch office may be maintained and operated at the location of the absorbed or consolidated association if the location is within the home office normal lending area, as defined in s. 215.21 (2).

(41) **SELLER OF CHECKS.** To engage as an authorized agent in the business and functions provided for in ch. 217 for their members upon receiving a certificate of authority from the commissioner. Such applicants shall be under the jurisdiction and supervision of the commis-

sioner and meet the same requirements as other applicants under ch. 217, but no license or investigation fee shall be charged savings and loan association applicants. The commissioner has the authority to enforce ch. 217 as it applies to savings and loan associations, the same as that granted the commissioner of banks in enforcing ch. 217. The commissioner shall determine the records that shall be maintained and he shall require the segregation of such funds as is necessary for operations permitted savings and loan associations under this subsection and ch. 217.

(42) **INVEST IN REAL PROPERTY.** Invest in, or in interests in, real property, subject to such rules as the commissioner shall issue.

(43) **SECURITIES GUARANTEED UNDER NATIONAL HOUSING ACT.** Issue and sell securities which are guaranteed under the national housing act.

215.14 Capital. (1) **DEFINITION.** The capital of any association is unlimited and shall consist of and be the aggregate of payments upon all savings accounts and earnings credited thereto, less withdrawals, redemptions or depreciation charges made pursuant to this chapter.

(2) **SAVINGS ACCOUNT.** "Savings account" means the monetary interest of the holder thereof in the capital of an association and consists of the withdrawal value of such interest.

(3) **PAYMENTS ON ACCOUNTS.** Payments on savings accounts may be made at any time, except as otherwise determined by the board of directors.

(4) **PAYMENT PRIVILEGE.** Any member owning a savings account may make payments thereon in fixed or varying amounts at regular or irregular intervals.

(5) **WITHDRAWAL VALUE.** The withdrawal value of a savings account, held by a member, shall be the aggregate of payments made thereon and earnings credited thereto, less withdrawal payments and depreciation charges.

(6) **LOSSES.** All savings accounts shall be nonassessable; and no holder thereof shall be responsible for any losses incurred by the association beyond the loss of the withdrawal value of his savings accounts.

(7) **INVESTMENT OF TRUST FUNDS.** An administrator, executor, guardian, trustee, or other fiduciary authorized to invest trust funds, may acquire and hold savings accounts in an association, within the limits of the standards contained in s. 320.01 (1), and shall have the same rights and be subject to the same obligations and limitations as other members, except the right to be an officer or director. Savings

accounts held by an administrator, executor, guardian or trustee shall specifically name the trust represented.

(8) **ACCOUNTS IN TRUST; DEATH OF TRUSTEE.** Whenever any savings accounts are opened in any association doing business in this state by any person in trust for another, and no other or further notice of the existence and terms of a legal and valid trust shall have been given in writing to such association, in the event of the death of the trustee, the same or any part thereof, and any earnings credited thereon, may be paid to the person for whom the said savings accounts were opened.

(9) **JOINT ACCOUNTS.** (a) When savings accounts in any association doing business in this state are opened in the names of 2 or more persons, withdrawable and payable to any of them or the survivors, the payment for the withdrawal of such savings accounts, or any part thereof, or any earnings thereon, may be made under s. 72.11 (2) and (3), to any of said persons whether the other be living or not, the receipt or acquittance of the person so paid shall be a valid discharge to the association for any payment so made.

(b) A written pledge to any association, including federal savings and loan associations, of all or part of a joint savings account, signed by any person authorized to manage or request withdrawals thereof is valid unless barred by terms of the account. Such pledge shall operate to transfer to the association that portion of the account pledged without otherwise affecting the ownership or the rights of holders of such account.

(10) **VOTING RIGHTS AND SURVIVORSHIP INTEREST OF JOINT ACCOUNTS.** When savings accounts have been opened in the names of 2 or more persons, or either, or their survivor, the right to vote such savings accounts shall be no greater than if the savings accounts were held by an individual. Upon the death of either, the association shall be liable only to the survivor. Fiduciaries shall have all rights and privileges of membership except the right to hold office. Whenever a fiduciary dies and no written notice of the revocation or termination of the trust has been given to the association, the withdrawal value of the savings account may be paid to the beneficiary. The association shall not be liable to the beneficiaries for the money paid to guardians or trustees.

(11) **ACCOUNTS OF DECEASED OR INCOMPETENT MEMBERS.** (a) The savings accounts of a deceased member may be held and controlled by his administrator, executor or trustee of his estate, or after 60 days after his death, his legal representatives may be paid the withdrawal

value of such savings accounts; provided that within such time, if the savings accounts are pledged for a loan, the same shall be fully repaid.

(b) Any association, including federal associations, may recognize the right of a legal representative authorized in writing to manage or to request withdrawal in whole or in part of any savings account until receipt of actual or written notice of revocation of such authority. Written notice of death or of adjudication of incompetency shall constitute such notice. No association shall be subject to civil or criminal liability because of payment made in good faith in compliance with a withdrawal request on such savings account prior to receipt of notice of said revocation.

(12) **ACCOUNTS OF MINOR OR FEMALES.** Whenever any savings accounts are opened in any association doing business in this state by and in the name of any minor, or female being or thereafter becoming a married woman, the same shall be held for the exclusive right of such minor, or female, and free from the control or lien of all persons whatsoever except creditors, and shall be paid with any earnings credited thereon to the person in whose name the savings accounts are issued, and the receipt of such minor or female shall be a sufficient release or discharge for such savings account to the association.

(13) **ACCOUNTS PAYABLE TO ANOTHER PERSON UPON DEATH.** Savings accounts may be issued to a member payable upon death to another person. Upon the death of the member such other named person shall become the owner thereof, and the payment of the withdrawal value of the savings accounts to such person shall be made under s. 72.11 (2) and (3), but no new owner shall have right superior or prior to the rights of the deceased member. Such savings accounts shall be considered a part of the deceased member's estate and subject to the payment of his just debts.

215.15 Evidence of ownership. (1) **SAVINGS ACCOUNT PASSBOOKS AND CERTIFICATES.** The association shall issue to each member holding a savings account, such passbooks, certificate of savings account or deposit, or such other evidence of savings accounts as the commissioner authorizes, all of which shall evidence the ownership of the account and the withdrawal value thereof. The form of such passbooks and certificates shall be prescribed by the commissioner.

(2) **VALIDATION OF PASSBOOKS AND CERTIFICATES.** The board of directors may designate one or more persons to sign passbooks, certifi-

cates or other evidence of savings accounts. Facsimile signatures of designated signatures may be used when authorized by the board of directors.

(3) **GENERAL.** The procedure for transferring of savings accounts, and the replacing of lost or destroyed evidence of savings accounts, shall be prescribed by the commissioner.

215.16 Distribution of earnings. (1) **WHEN DECLARED.** The board of directors shall make such transfers to its legal reserves, other required reserves, and undivided profits at such times and in such manner as the commissioner shall determine.

(2) **WHEN DISTRIBUTED.** Rates of earnings, including contractually fixed rates, shall be determined by the board of directors, and shall be distributed on savings accounts at such times and in such manner, all as may be prescribed by the commissioner. Earnings do not have to be distributed on savings accounts having a withdrawal value of \$10 or less.

(3) **TO WHOM DISTRIBUTED.** Except as otherwise provided in sub. (2) and ss. 215.08 (7) (b), 215.17 (6) and 215.18 (5), earnings may be paid or credited on savings accounts outstanding on the date when earnings may be distributed. The board of directors may, by resolution so providing and while such resolution remains in effect, consider any partial or total withdrawal of any savings account, made during the last 3 business days of any earning distribution period, as having been made immediately after the close of such period.

(4) **HOW DISTRIBUTED.** Earnings on savings accounts may be credited thereon or paid in cash.

(5) **DETERMINATION DATE.** The board of directors may, by resolution so providing and while such resolution remains in effect, fix any date, up to and including the twentieth of the month, as the determination date for computing earnings distribution. All payments on savings accounts, made on or before the determination date, shall receive earnings as of the first of the month. Any payments on savings accounts made after the determination date shall receive earnings as of the first of the subsequent month.

(6) **EARNINGS ON WITHDRAWALS.** The commissioner may authorize distribution of earnings on withdrawals between earning distribution dates. When so authorized by the commissioner, the board of directors of an association may, by resolution so providing and while such resolution remains in effect, authorize the distribution of earnings on withdrawals between earning distribution dates, but earnings on any amount so withdrawn shall not be distributed

for a greater portion of the dividend period than that during which such amount remained in the association.

(7) **BONUS PLAN.** (a) The commissioner may, with the approval of the review board, authorize and approve the distribution of a bonus, in addition to the regular earnings, on monthly-payment or fixed balance savings accounts. Only such bonus plans as prescribed by the commissioner and the review board may be adopted by board of directors of an association and made available to the members of such association.

(b) The board of directors may, by resolution, abolish any or all bonus plans, but all existing bonus agreements shall be honored and carried out to completion.

(8) **COMPUTATION OF EARNINGS DISTRIBUTION.** The distribution of earnings, including bonus payments, shall be computed by a uniform method prescribed by the commissioner.

(9) **LOSSES BEFORE DECLARATION AND DISTRIBUTION OF EARNINGS.** If at the time of such earning distribution period, the estimated or anticipated losses exceed the total amount of general reserves and undivided profits, no earnings distribution shall be declared, paid or credited until such losses have been paid or fully provided for.

(10) **EXCEPTION.** Savings and loan associations, the majority of whose capital is owned by the employes of a public utility may credit and pay earnings at any time.

215.17 Withdrawal of savings accounts.

(1) **WHEN PERMITTED.** The association may pay withdrawals on its savings accounts at any time upon receipt of written withdrawal requests therefor, and pay to the holders of such savings accounts the withdrawal value thereof, except as to savings accounts which specify a fixed renewal, maturity or withdrawal date the association may require the advance notice therein required.

(2) **WITHDRAWAL VALUE.** The withdrawal value of savings accounts is as defined in s. 215.14 (5).

(3) **WITHDRAWAL REQUESTS OF MEMBERS.** Members may, at any time, file with the association written withdrawal requests for the partial or complete withdrawal of their savings accounts. Members, having filed written withdrawal requests of their savings accounts, remain members until paid and do not become creditors.

(4) **PAYMENT OF WITHDRAWAL REQUESTS.** Upon receipt of the written withdrawal requests, the association shall number and file same in the order received, and shall, either:

(a) Pay the member the withdrawal value of the savings account, in part or in full as requested; or

(b) After 30 days from the receipt of such written withdrawal requests, apply at least one-third of the preceding month's receipts, consisting of payments on savings accounts and repayments of loans, to the withdrawal of such savings accounts in numerical order.

(c) If any member has filed a written withdrawal request, wherein he applies for the withdrawal of more than \$1,000 of his savings accounts, he shall be paid \$1,000 in order when reached, and his withdrawal request shall be charged with such amount and shall be renumbered and placed at the end of the list of unpaid withdrawal requests, and thereafter, upon again being reached, shall be paid a like amount, but not exceeding the withdrawal value of his savings account, and until paid in full, shall be so paid, renumbered and placed at the end of the list of unpaid withdrawal requests.

(d) When a written withdrawal request is reached for payment, a written notice shall be sent to the member by registered mail at his last recorded address, and unless the member applies in person or in writing for such withdrawal payment within 30 days from the mailing date of such notice, no payment shall be made and such withdrawal request shall be canceled.

(e) This subsection shall not apply to savings accounts when advance notice to the association for withdrawal is required until after the expiration of the advance notice period.

(5) **WITHDRAWALS NOT EXCEEDING \$100.** The board may pay withdrawals not exceeding \$100 of any one savings account of any one member in any one month in any order regardless of whether or not such member has filed a written withdrawal request.

(6) **EARNINGS DISTRIBUTION ON UNPAID REQUESTS.** Whenever written withdrawal requests for the withdrawal of savings accounts have been received by the association, said savings accounts shall be without right to earnings distribution from the time the withdrawal request was received, except as follows:

(a) For the first earning distribution period after receipt of the withdrawal request, said savings account shall not be entitled to earnings distribution.

(b) For the second earnings distribution period after receipt of the withdrawal request, such savings account shall be entitled to one-half of the rate of earnings distribution declared on savings accounts on which no withdrawal requests were filed.

(c) For the third earning distribution period after receipt of the withdrawal request and

thereafter, such savings accounts shall be entitled to the rate of earnings distribution on savings accounts on which no withdrawal requests were filed.

(d) Such earnings distribution as allowed under pars. (b) and (c) shall be paid or credited only on savings accounts on the books of the association on earning distribution dates. No earnings shall be paid or credited on withdrawals made between earning distribution dates.

(7) **PROFIT ON SAVINGS ACCOUNT PURCHASES; PENALTY.** Any officer, director or employe of any association who profits through the purchase of members' savings accounts of said association and the subsequent sale or exchange thereof, or the subsequent withdrawal or redemption of said savings accounts by the association, or is interested as a stockholder in any corporation or a partner in any partnership which, through purchases and sales of savings accounts of an association of which he is an officer, director or employe, makes a profit, shall be deemed guilty of a misdemeanor and upon conviction may be fined not exceeding \$1,000 or imprisoned not more than one year and restitution of the profits shall be made to the association.

215.18 Redemption of savings accounts.

(1) **WHEN PERMITTED.** At any time funds are on hand for the purpose, the association with prior approval of the commissioner may redeem by lot or otherwise as the board determines, all or part of its savings accounts on an earning distribution date, by giving 30 days' notice by registered or certified mail addressed to the holders at their last recorded address.

(2) **WHEN NOT PERMITTED.** The association shall not redeem any savings accounts when there is an impairment of capital or when it has written applications for withdrawal of savings accounts on file more than 30 days and not reached for payment.

(3) **REDEMPTION PRICE.** The redemption price of savings accounts shall be the withdrawal value or such amount in excess of the withdrawal value as determined by the board of directors.

(4) **BONUS PAYABLE AT REDEMPTION.** If a savings account which is redeemed is entitled to participate in a bonus, the amount of such accrued bonus participation shall be paid as part of the redemption price.

(5) **EARNINGS DISTRIBUTION CEASE AFTER NOTICE OF REDEMPTION.** If the notice of redemption has been given, and if on or before the redemption date the funds necessary for redemption are available therefor, earnings distribution upon the accounts called for redemption

shall cease to accrue after the redemption date, and all rights with respect to such savings accounts shall forthwith, after such redemption date, terminate, except the right of the holder of record to receive the redemption price without interest.

(6) **APPLICABILITY OF SECTION 215.17 (7).** Section 215.17 (7) also applies to the redemption of savings accounts.

215.19 Loans on savings accounts. (1) An association may make loans to members on the security of their savings accounts.

(2) In no event shall a savings account loan exceed the withdrawal value of the savings account pledged as security therefor.

(3) Each savings account loan shall be evidenced by a savings account loan note and a pledge of the savings account books or savings account certificates securing said loan.

(4) The maximum interest rate charged on savings account loans shall be determined by the commissioner and the review board subject to the provisions of s. 215.13 (30).

(5) Any corporation, owning savings accounts in an association, and whose officers, directors or employees are officers, directors or employees of said association, may obtain a savings account loan on the security of said saving accounts.

215.20 Property improvement loans; definitions. (1) For the purpose of this section, a property improvement loan means a loan, the proceeds of which are used to repair, modernize, alter, furnish, equip or improve the real estate or the structure upon it, or both. As used in this section, loans made for the purpose of furnishing or equipping a structure shall be made to the owners thereof only.

(2) An association may make, buy, sell and hold property improvement loans to such persons, for such purposes, in such individual and aggregate amounts, and upon such terms as the commissioner by rule prescribes, but all within the limitations applicable to federal savings and loan associations.

215.205 Other loans and investments. Subject to such rules as the commissioner prescribes, an association may make, buy, sell and hold the following loans and investments:

(1) Loans or obligations, or interests therein, for the purpose of mobile home financing.

(2) Housing project loans or interests therein, having the benefit of any guaranty under sec. 221 of the foreign assistance act of 1961, as now or hereafter in effect, or loans or interests therein, having the benefit of any guaranty under sec. 224 of such act, or any commitment or

agreement with respect to such loans or interests therein, made pursuant to either of such sections.

(3) Loans or obligations or interests therein, which the association has the benefit of any guaranty under Title IV of the housing and urban development act of 1968, as now or hereafter in effect, or of a commitment or agreement therefor.

(4) Loans or interests in loans to financial institutions with respect to which the United States, or any agency or instrumentality thereof, has any function of examination or supervision, or to any broker or dealer registered with the securities and exchange commission, secured by loans, obligations or investments in which it has any statutory authority to invest directly, subject to such rules as the commissioner may issue.

(5) Notwithstanding any other statutory provision relating to investments in or ownership of real property, an association may invest in, or in interests in, real property located within urban renewal areas as defined in the national housing act of 1949 as now or hereafter in effect, and in obligations secured by first liens on real property so located.

215.21 Mortgage loans. (1) BASIC SECURITY REQUIRED. Associations may make loans to members on the security of:

(a) First liens on real estate which evidences title of the borrower in fee simple; or

(b) Leasehold interests extending or renewable automatically for a period of at least 15 years beyond the maturity of the debt.

(2) **LENDING AREA.** The lending area of an association shall be that area within a radius of 100 miles of the association's office.

(3) **MORTGAGE AND MORTGAGE NOTE. (a)** Every mortgage loan shall be secured by a mortgage upon the real estate security and evidenced by a mortgage note.

(b) The mortgage or mortgage note may provide that the interest rate may be increased after 3 years from the date thereof, by giving to the borrower at least 4 months' notice of such intention. The borrower may, after receipt of such notice, repay his loan within the time specified in such notice without the payment of any penalty.

(4) **PRIORITY OF ASSOCIATION'S MORTGAGES. (a)** All mortgages described in this section 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.

(b) Any additional advance made to a borrower, where the mortgage and mortgage note

provides for such additional advances, shall not exceed an amount specified in said mortgage.

(5) **MAXIMUM AMOUNT OF LOANS TO ONE BORROWER.** (a) The aggregate of loans that an association may make to any one borrower shall be limited by the total amount of its assets as follows: \$5,000, if the assets are less than \$50,000; \$7,500, if the assets range from \$50,000 to \$100,000; \$10,000, if the assets range from \$100,000 to \$200,000; \$20,000, if the assets range from \$200,000 to \$500,000; \$25,000, if the assets range from \$500,000 to \$1,000,000. The aggregate of loans that an association may make to any one borrower, when the total assets exceed \$1,000,000, shall be subject to such limits as determined and prescribed by the commissioner and review board but shall not be in excess of 10 per cent of savings capital or the total of general reserves and undivided profits, whichever is the lesser.

(b) The aggregate of loans to any one borrower shall consist of any loans made directly to him and to any corporation of which he is an officer, director or shareholder.

(6) **MAXIMUM PERIODS OF LOAN AMORTIZATION.** (a) *Direct reduction mortgage loans.* The total monthly contractual payment on a direct reduction mortgage shall appear in the mortgage note, and shall be sufficient to retire the loan within 30 years. The interest charges on loans of this type may be adjusted monthly or semiannually in accordance with the terms of the mortgage note.

(b) *Straight mortgage loans.* An association, making mortgage loans to members without the monthly amortization of principal, shall comply with the following conditions:

1. Loans on existing structures, repayable in not more than 5 years, shall not exceed 50 per cent of the appraised value of the real estate security.

2. Loans on existing structures, repayable in not more than 3 years, shall not exceed 60 per cent of the appraised value of the real estate security.

3. Loans for the purpose of construction, to be repayable in one year, shall not exceed 80 per cent of the appraised value of the real estate security.

4. At maturity, all straight mortgage loans may be extended for like periods.

5. The interest on straight mortgage loans shall be payable monthly or semiannually.

6. The aggregate of straight mortgage loans shall not exceed 10 per cent of the total assets of the association.

(7) **TYPES OF REAL ESTATE SECURITY.** Asso-

ciations may make loans to members on the following types of real estate security as defined by the commissioner:

(a) Home-type properties;

(b) Combination-home-and-business-type properties;

(c) Commercial-type properties, the aggregate of which shall not exceed 18 per cent of the total assets of the association;

(d) Vacant lands, when the proceeds of such loans are to be used to acquire, develop and improve or develop and improve such lands for primarily residential use as prescribed in sub. (16);

(e) Fully improved lots, where the borrower is a builder of homes as prescribed in sub. (17).

(8) **INSURANCE COVERAGE OF MORTGAGED PREMISES.** (a) The borrower shall cause the buildings and improvements on any property on which the association has a mortgage to be insured and kept insured, unless the association maintains insurance under par. (b), up to the full insurable value during the life of the loan, for the benefit of the association, against loss by fire, windstorm and such other hazards as the association requires. The selection of the insurance agent or insurer through which the insurance covering such property is to be negotiated shall be made in accordance with ss. 134.10 and 207.04 (3).

(b) The insurance policies or evidence or certificate of the existence of such insurance policies shall remain on deposit with the association until the loan is paid. An association which carries adequate insurance, issued by a company licensed to write insurance protecting the association from losses under par. (a) at no cost to the borrower if the borrower fails to maintain his insurance, shall not be required to request or record future insurance policies of the borrower if at the time of closing the mortgage transaction the borrower deposited with the association an acceptable policy or evidence or certificate of the existence of such an insurance policy, with a mortgage clause protecting the interest of the association.

(c) War damage insurance shall not be required unless the directors of the association, by resolution, demand that same be provided by the borrower.

(9) **APPRAISALS BY APPROVED APPRAISERS; WHEN REQUIRED.** (a) Appraisals of the real estate security shall be made by appraisers, approved by the commissioner, when:

1. The loan is for the purpose of acquiring, developing and improving vacant lands for primarily residential use;

2. The loan is for the purpose of enabling a

builder of homes to purchase fully-improved lots;

3. The loan is secured by a commercial-type property;

4. The loan exceeds \$50,000;

5. Required by the commissioner.

(b) Nothing in this subsection shall be deemed to prohibit any association from using the services of appraisers, approved by the commissioner on all loans.

(10) **ADDITIONAL COLLATERAL.** (a) Any association may accept, as additional collateral to its mortgage note, any other real estate, personal property or a policy of insurance on the life of any person who is a party to or responsible for the payment of the mortgage note. The association may be named beneficiary as well as absolute assignee of such life insurance and, to protect its interests therein, advance premiums thereon.

(b) Upon written request of any borrower, any association may accept as additional collateral a policy of health and accident insurance on the life of any person responsible for the repayment of the mortgage loan, and may, in the event of the borrower's inability to pay premiums thereon, advance said premiums. Any premiums so advanced shall be added to the unpaid balance of the mortgage loan and become a part of the mortgage indebtedness.

(11) **PENALTY INTEREST; WHEN CHARGED.** When the aggregate of principal payments made by a borrower during any 12-month period exceeds 20 per cent of the original amount of the loan, the association may charge 90 days interest on that part of prepayment which exceeds 20 per cent of said original amount, provided the mortgage note makes express provision therefor.

(12) **INSURED OR GUARANTEED LOANS.** Any association may make mortgage loans to members which are insured or guaranteed wholly or in part under the national housing act approved June 27, 1934, or the servicemen's readjustment act of 1944, U.S.P.L. 346. All mortgage loans made hereunder shall be in accordance with federal law and regulations and ch. 219.

(13) **PURCHASING OF LOANS.** Except as otherwise prescribed in s. 215.13 (21), an association may purchase mortgage loans from any person, provided that the association could have made such loans in the first instance. The association may enter into an agreement with the seller of such mortgages to service the loans.

(14) **SELLING LOANS.** Except as otherwise prescribed in s. 215.13 (22) an association may sell mortgage loans, without recourse, to any person, and service such loans for the purchaser in accordance with a duly executed servicing

agreement. The aggregate of loans sold in any calendar year shall not exceed 20 per cent of the total loans in force at the end of the preceding year.

(15) **PARTICIPATION LOANS.** Any association may participate with other lenders in mortgage loans of any type that such association may otherwise make, subject to such rules as the commissioner issues. The lender originating the loan shall retain at least 25% interest in such loan. The 100-mile lending area, prescribed in sub. (2), shall not apply to any association purchasing a participating interest in such loan, provided the real estate securing such loan is located within the United States.

(16) **SUBDIVISION LOANS.** Subject to such rules as the commissioner issues, an association may make loans to its members to finance the acquisition, development and improvement, or the development and improvement of lands for primarily residential use, including such improvements as may be required in the platting of lands pursuant to ch. 236.

(17) **BUILDERS LOANS SECURED BY VACANT LOTS.** An association may make loans to builders of homes, secured by fully-improved vacant lots, platted and recorded in accordance with ch. 236, for future construction of homes thereon. Loans of this type shall not exceed 60 per cent of the appraised value, and shall be repayable within 3 years, with interest payable monthly or semiannually. The aggregate of loans made pursuant to this subsection shall not exceed one per cent of the association's total assets.

(18) **BASIS OF APPRAISALS.** All appraisals of real estate securing mortgage loans, whether made by the association's appraisal committee or independent appraisers approved by the commissioner, shall be based on the reasonable market value thereof.

(19) **REPAYMENT OF LOANS.** A borrower may repay his loan at any time by giving 30 days' written notice of his intention to do so, subject to sub. (11).

(20) **LOANS TO OFFICERS, DIRECTORS AND EMPLOYEES.** Any association may make mortgage loans to its officers, directors and employees on the security of a first lien on the home or combination-home-and-business property owned and occupied by them.

(21) **PENALTY FOR GIVING OR ACCEPTING MONEY FOR LOANS.** Every officer, director, employe or agent of any association, or any appraiser making appraisals for any association, who accepts or receives, or offers or agrees to accept or receive any thing of value in consideration of its loaning any money to any person; or any person who offers, gives, presents or agrees

to give or present any thing of value to any officer, director, employe or agent of any association or to any appraiser making appraisals for any association in consideration of its loaning money to him, shall be fined not to exceed \$1,000 or imprisoned not to exceed 6 months or both. Nothing herein shall prohibit an association from employing an officer, employe or agent to solicit mortgage loans and to pay him on a fee basis.

(22) **PROHIBITED LOANS.** No corporation whose officers, directors or employes are officers, directors or employes of an association shall be eligible for a mortgage loan from that association. This subsection shall not apply to nonprofit, religious, charitable or fraternal corporations.

(23) **FALSE STATEMENT IN LOAN APPLICATIONS; PENALTY.** Any person who makes or causes to be made any false written statement to any state or federal savings and loan association for the purpose of obtaining a loan for himself or for another, with intent to mislead, or which may mislead the association, may be imprisoned for not more than 6 months or fined not to exceed \$1,000.

(24) **BOARD MAY WAIVE PRINCIPAL PAYMENT ON LOANS.** Any association, in the discretion of its board, may accept only payments of interest on the loan and taxes on the mortgaged premises, and may waive the principal payments for periods not exceeding one year at a time.

(25) **LOANS DUE, WHEN.** Whenever a borrower is in arrears in any contractual payments, whether principal, interest, taxes or insurance, his whole loan becomes due and payable.

(26) **UNACCEPTABLE TYPES OF SECURITY.** Except as otherwise provided in subs. (16), (17) and (29) no mortgage loans may be made on vacant lots or vacant lands. Vacant lots and vacant lands may be pledged as additional collateral to a loan, but the value thereof shall not be used in the determination of the appraised value of the basic real estate security upon which the loan was based.

(27) **LIMITATION OF LOANS IN EXCESS OF \$200,000.** The aggregate of loans in excess of \$200,000 shall not exceed 20% of the association's total assets. Loans in excess of \$200,000 shall also be subject to the specific percentage category limitation of its own type or class of real estate security. When the principal balance of any loan under this subsection is reduced to 55% of its original appraisal, the loan shall no longer be subject to the limitations imposed by this subsection.

(28) **METROPOLITAN AREA LOANS.** Subject to the rules issued by the commissioner and

without regard to the limitation set forth in sub. (2), an association may make or invest its funds in loans, originated and serviced by or through an institution, the accounts or deposits of which are insured by the federal savings and loan insurance corporation or the federal deposit insurance corporation or by or through an approved federal housing administration mortgagee, in an aggregate amount not exceeding 5% of such association's assets on the security of real estate or leasehold interests located in any metropolitan area in the United States as defined in the publication "Standard Metropolitan Statistical Areas" of the U.S. bureau of the budget.

(29) **MEMBERS LOANS SECURED BY VACANT LOTS.** Subject to such rules as the commissioner issues, an association may make loans to its members, secured by building sites, for future construction of their residences thereon.

Cross Reference: See 706.11 (1) for provision as to priority of mortgages to federal savings and loan associations and the Wisconsin department of veterans' affairs.

215.22 Real estate owned. (1) Acquire such real estate, by purchase, exchange or otherwise, as may be necessary for the protection or enforcement of its securities and the collection of claims or debts due it.

(2) All real estate acquired pursuant to this section shall be sold within 10 years from acquiring title thereto, unless the commissioner grants extensions of time within which such real estate shall be sold.

(3) All real estate owned by the association shall be assessed for taxation.

215.23 Association office building. (1) With the approval of the commissioner, any association may invest an amount not in excess of the total amount of its general reserves and undivided profits for the following purposes:

(a) Acquisition of land, in either fee simple or leasehold extending or renewable automatically for a period of at least 50 years, and the construction of a building thereon to be owned and occupied in whole or in part by the association as its office.

(b) Acquisition of an existing building, in either fee simple or leasehold extending or renewable for a period of at least 50 years, including remodeling and modernization costs, to be owned and occupied in whole or in part by the association as its office.

(c) Remodeling and modernizing of a building presently owned and occupied in whole or in part by the association as its office.

(2) In addition to any of the permissive acts authorized in sub. (1), an association may, with the approval of the commissioner, acquire addi-

tional land, in either fee simple or leasehold extending or renewable for a period of at least 50 years, to be used as a parking lot. The aggregate of the investment in both, an office building and a parking lot, shall be subject to the maximum permitted in sub. (1).

(3) With the approval of the commissioner, any association may invest an amount not in excess of 25 per cent of its total general reserves and undivided profits to remodel or modernize a leased building, or part thereof, to be occupied by the association as its office, which lease runs for a period of at least 10 years, and acquire, by purchase or leasehold, additional land to be used as a parking lot.

(4) The parking lot authorized by subs. (2) and (3) shall be within 1,000 feet of the office of the association.

215.24 Legal reserve. (1) **CLOSING BOOKS.** Every association shall close its books on June 30 and December 31 of each year. Associations which, pursuant to s. 215.16 (3), have by resolution designated earning distribution dates as March 31, June 30, September 30 and December 31, may close their books on said dates.

(2) **DISPOSITION OF NET INCOME.** Out of the net income of any period, whether such period is an interval of 3 months or 6 months, the board of directors shall make appropriate transfers to the legal reserve and other designated reserves, declare the earnings rate and transfer any remaining portion thereof to either the legal reserve or undivided profits.

(3) **PURPOSE OF LEGAL RESERVE.** The legal reserve is irrevocably established for the sole purpose of absorbing losses.

(4) **ESTABLISHMENT OF LEGAL RESERVE.** Before any earnings rate shall be declared, a certain portion of the net income of the period as determined by the commissioner and review board shall be transferred to the legal reserve. The commissioner and review board shall not require an amount in excess of 10% of the net income of the period.

(5) **REQUIRED PERIODIC ADDITIONS TO LEGAL RESERVE.** (a) 1. Transfers from the net income of any period to the legal reserve shall be made as provided in sub. (4) until the aggregate of the legal reserve, other general reserves and undivided profits reaches such level as is from time to time prescribed by the commissioner.

2. Whenever the aggregate of the legal reserve, other general reserves and undivided profits falls below the prescribed level established by the commissioner, the legal reserve shall be replenished either by periodic additions as required in sub. (4) or by such lesser amounts as may be necessary to attain the prescribed level.

(b) Associations, whose savings accounts are insured by the federal insurance corporation, and have elected to establish a federal insurance reserve in addition to the legal reserve, may make periodic additions as required in par. (a) to the federal insurance reserve. Any periodic addition so made to the federal insurance reserve is deemed in compliance with this section.

(c) Any association whose savings accounts are insured by the federal insurance corporation may, by proper resolution of the board of directors, designate its legal reserve as the federal insurance reserve.

(d) Any other requirements, now in force or which may be imposed by the federal insurance corporation upon associations whose savings accounts are insured by said corporation, concerning amounts transferred to the legal reserve, designated as the federal insurance reserve or to a separate federal insurance reserve, shall be complied with, provided such transfers to reserves meet the basic minimum requirement of par. (a).

215.25 Fiscal year audits. (1) **BY WHOM MADE.** At the close of each fiscal year, and at such other time as the commissioner directs, or the board determines, the president shall appoint a committee of 5, consisting of 3 directors and 2 members, not directors. This committee shall examine the assets, books and accounts of the association. In lieu thereof, the board may, by resolution, employ public accountants or accept the audit and examination of the books and accounts as made by the commissioner to check the assets of the association and determine losses, and make a report of their finding to the board.

(2) **BOARD ACTION UPON RECEIPT OF ANNUAL AUDIT REPORT.** Upon receipt of the annual audit or examination report, the board shall either charge off all losses so reported or determine whether the amount in the legal reserve is sufficient to absorb said losses. If the amount in the legal reserve, other required reserves, undivided profits and the net income for the period is not sufficient to absorb the reported losses, then the amount, representing the excess of losses not absorbed or provided for by said reserves, shall be apportioned to each member according to the withdrawal value of his savings accounts.

215.26 Miscellaneous provisions. (1) **ACTION AGAINST AN ASSOCIATION.** No action may be brought under ch. 286 against any association organized under this chapter.

(2) **RETALIATORY TAXES AND RESTRICTIONS.** When the laws of any other state or territory impose any taxes, fines, penalties, li-

censes, fees, deposits, money, securities or other obligations or prohibitions on associations of this state doing business in such other state or territory or upon their agents therein, so long as such laws continue in force, the same obligations and prohibitions shall be imposed upon all associations of such other state or territory and their agents in this state.

(3) **OBSOLETE RECORDS.** Any association may destroy or dispose of such of its records as may become obsolete after first obtaining the written consent of the commissioner.

(4) **REPRODUCTION AND DESTRUCTION OF RECORDS.** (a) Any association may cause any or all records kept by such association to be recorded, copied or reproduced by any photostatic, photographic or miniature photographic process which correctly, accurately and permanently copies, reproduces or forms a medium for copying or reproducing the original record on a film or other durable material, and such association may thereafter dispose of the original record after first obtaining the written consent of the commissioners. This section, excepting the part of it which requires written consent of the commissioner, is applicable to federal associations insofar as it does not contravene federal law.

(b) Any photographic, photostatic or miniature photographic copy or reproduction or copy reproduced from a film record made from association records shall be deemed to be an original record for all purposes and shall be treated as an original record in all courts or administrative agencies for the purpose of its admissibility in evidence. A facsimile, exemplification or certified copy of any such photographic copy or reproduction or copy reproduced from a film record shall, for all purposes, be deemed a facsimile, exemplification or certified copy of the original record.

(5) **LEGAL HOLIDAYS.** No association shall transact business or be open for the purpose of transacting business on Sundays. The commissioner shall designate such of the legal holidays listed in s. 256.17 as days on which no association shall transact business or be open for the purpose of transacting business.

(6) **AGENT OF SAVINGS AND LOAN ASSOCIATION.** Any person who acts as the agent for any unauthorized savings and loan association in this state, or sells or disposes of any savings accounts, certificates, bonds or other evidences of indebtedness of or for any such unauthorized association; not licensed to transact business in this state, and any person who acts for any such unauthorized association or in any manner aids in the transaction of the business of such association in this state shall be guilty of a misde-

meanor and be fined not less than \$100 nor more than \$500 for each offense, and shall be personally liable for any sums received by him for or on behalf of such unauthorized association.

(7) **FEDERAL ASSOCIATIONS LOCATED IN WISCONSIN.** Federal savings and loan associations which have their home offices located in Wisconsin, and are incorporated pursuant to the home owners' loan act of 1933, as now or hereafter amended, are not foreign corporations or associations. Unless federal law or regulations provide otherwise, such federal savings and loan associations and members thereof shall possess all of the rights, powers, privileges, benefits, immunities and exemptions that are now provided or that may be hereafter provided by the laws of this state for associations organized under the laws of this state and for the members thereof. This provision is additional and supplemental to any provision which, by specific reference, is applicable to such federal savings and loan associations and the members thereof.

215.27 Absorption of an association by another.

(1) **CONDITIONS PRECEDENT.** With the commissioner's consent and by the affirmative vote of at least two-thirds of each board of directors, associations organized and operating under this chapter, may absorb or be absorbed by each other. The absorbed association shall transfer its assets and liabilities to the absorbing association but not to defeat or defraud creditors.

(2) **EFFECT OF ABSORPTION.** All the rights, franchises and property interests of the absorbed association shall be deemed to be transferred to the absorbing association, which shall hold and enjoy 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 absorbed association; and the members of such absorbed association shall be members of the absorbing association and possess and be subject to all rights, privileges and duties as provided in the bylaws of the absorbing association.

(3) **WITHDRAWAL REQUESTS OF SAVINGS ACCOUNTS OF MEMBERS OF ABSORBED ASSOCIATION.** Any member of an absorbed association, who intends to file a written withdrawal request for his savings accounts within one year after the date of approval of such absorption by the commissioner, may do so by giving 90 days' written notice of such intention, and his savings accounts shall be withdrawn as provided in s. 215.17. Any member who has filed such written withdrawal request shall remain a member and be subject to all rights, privileges and duties un-

der this chapter, the bylaws and the rules and regulations of such absorbing association until the withdrawal value of his savings accounts has been paid to him.

215.28 Consolidation of associations. (1)

CONDITIONS PRECEDENT. With the approval of the commissioner, associations organized and operating under this chapter, may consolidate. To effect a consolidation, the board of each association shall, by resolution, propose the consolidation, and such consolidation must be ratified by an affirmative vote of the holders of 51 per cent of the dollar value of the savings accounts outstanding of each association, at a 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 member of record by mail, directed to him at his last known post-office address.

(2) **EFFECT OF CONSOLIDATION.** Consolidating associations shall report to each other their respective assets and liabilities, and all rights, franchises and property of each association shall be deemed to be transferred to the consolidated association, which 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 consolidating association; and the members of such consolidating association shall be members of such consolidated association and possess and be subject to all rights, privileges and duties as provided in the bylaws of the consolidated association.

(3) **WITHDRAWAL REQUESTS OF SAVINGS ACCOUNTS OF MEMBERS OF CONSOLIDATING ASSOCIATIONS.** Any member of the consolidating association, who intends to file a written withdrawal request for his savings accounts within one year after the date of approval of the consolidation of the association, may do so by giving 90 days' written notice of such intention, and his savings accounts shall be withdrawn as provided in s. 215.17. Any member who has filed such written withdrawal request shall remain a member and be subject to all rights, privileges and duties provided for in this chapter, the bylaws and rules and regulations of such consolidated association until the withdrawal value of his savings accounts has been paid to him.

215.29 Conversion of associations. (1)

PROCEDURE TO EFFECT CONVERSION. Any state-chartered savings and loan association may convert itself into a federal association, and any federal association may convert itself into a state-chartered savings and loan association, by the following procedure:

(a) A meeting of the members shall be held upon not less than 10 days' written notice to each member, served either personally or by mail, directed to him at his last known post-office address, stating the time, place and purpose of such meeting.

(b) At such meeting, the members may by the affirmative vote in person or by proxy of 66 2/3 per cent of the dollar value of savings accounts of the association declare, by resolution, to convert such association into a federal association or into a state-chartered association. A copy of the minutes of such meeting, verified by the affidavit of the chairman and the secretary of the meeting, shall be filed in the office of the commissioner within 10 days after the meeting. Such copy, when so filed, shall be evidence of the holding of and of the action taken at such meeting.

(c) If the members voted to convert the association, the secretary shall serve notice either personally or by mail, directed to them at their last known post-office addresses, on all members of such action within 30 days after such meeting. Any member may, within 30 days after service of the notice, give written notice that he desires to have his savings accounts withdrawn. He shall be entitled to the withdrawal value of his savings accounts, less any amount due the association.

(d) Within 6 months after the adjournment of a meeting to convert into a federal association, the association shall do what is necessary to make it a federal savings and loan association, and within 10 days after the receipt of the federal charter, a copy of it shall be filed with the commissioner, certified by the federal home loan bank board. Thereupon, the association shall cease to be a state-chartered association and shall thereafter be a federal association. Within 6 months after the adjournment of a meeting of the members of a federal association, called for the purpose of converting the association into a state-chartered association, the commissioner shall examine such association and shall determine the action necessary to qualify the association for a state charter. Upon complying with the necessary requirements, a state charter shall be issued to such association.

(2) **WHEN STATE SUPERVISION CEASES.** At the time when conversion from a state-chartered association to a federal association becomes effective, the association shall cease to be supervised by this state.

(3) **CORPORATE EXISTENCE OF ASSOCIATION DOES NOT TERMINATE UPON CONVERSION.** Upon the conversion of any state-chartered association into a federal association and vice versa, the corporate existence of the converting

association shall not terminate, and the resulting association shall be a continuance of the converting association; and all its property (including its rights) shall by operation of law vest in the resulting association as of the time of the conversion, and all of its obligations become those of the resulting association. Actions and other judicial proceedings to which the converting association is a party may be prosecuted and defended as if the conversion had not been made.

(4) **COMMISSIONER'S APPROVAL REQUIRED BEFORE CONVERSION BECOMES EFFECTIVE.** Before any such conversion of any association shall be final and in effect, the written approval of the commissioner must be secured by such association.

215.30 Associations operating under restrictions imposed by the commissioner.

(1) **LOSSES IN EXCESS OF TWO-THIRDS OF AMOUNT OF LEGAL RESERVE; CESSATION OF EARNINGS DISTRIBUTION; REDEMPTION AND WITHDRAWAL OF SAVINGS ACCOUNTS.** Whenever the commissioner finds that the losses existing, or which may reasonably be anticipated in the near future, are more than two-thirds of the amount of the legal reserve of the association, he may, with the approval of the review board, issue an order providing that no further earnings be distributed and no moneys paid out for the redemption and withdrawal of savings accounts, until the commissioner orders otherwise.

(2) **IMPAIRMENT OF CAPITAL, APPOINTMENT OF APPRAISERS, APPRAISAL, AND DETERMINATION OF LOSSES.** Whenever it appears to the commissioner that the capital of any association is impaired, or may in the near future become impaired, he may, with the approval of the review board, issue an order, requiring the directors to forthwith appoint, subject to his approval, 3 competent persons, not members, who shall appraise such property owned by, or upon which such association has mortgage loans or judgments, as the commissioner designates. The appraisers shall fix the reasonable normal value of all such property and report their findings to the commissioner and the directors. The value as so found shall be the value from which all losses shall be determined.

(3) **DEPRECIATION OF SAVINGS ACCOUNTS AFTER DETERMINATION OF LOSSES.** After the commissioner has determined the losses existing or which he determines may reasonably be sustained in the near future, he shall order the withdrawal value of each savings account depreciated as stated in such order, and the officers shall forthwith depreciate the withdrawal value of all savings accounts as ordered. A record shall be made on the books showing the

amount by which the withdrawal value of the savings account was depreciated, and a copy of such record shall be filed with the commissioner.

(4) **NOTICE TO MEMBERS OF SAVINGS ACCOUNT DEPRECIATION.** The board shall give notice by mail to each member, that the withdrawal value of his savings account has been depreciated, the date when such depreciation was charged, and the withdrawal value after such depreciation. The mailing of such notice to the last known address as shown on the records of the association shall be a compliance with this subsection.

(5) **BORROWERS PERMITTED TO REPAY LOANS AFTER MORTGAGE PLEDGED SAVINGS ACCOUNTS HAVE BEEN DEPRECIATED.** Any borrowing member may, after the withdrawal value of his mortgage pledged savings account has been so depreciated, pay to the association the difference between the withdrawal value of his mortgage pledged savings accounts as depreciated, and the amount due on his mortgage loan, and his mortgage and other securities shall thereupon be released.

(6) **SAVINGS ACCOUNT LOANS TO MEMBERS.** The board may, with the approval of the commissioner, make savings account loans to members upon such terms as the commissioner orders, but such savings account loans shall be for provident purposes only, and not more than \$100 shall be loaned to any one member in any one month.

(7) **PAYMENT OF EXPENSES.** The board shall make no disbursements or contract to make disbursements for salaries, compensation, fees or any other item of expense, nor pay withdrawals or redeem savings accounts, nor declare distribution of earnings while the association is operating under this section without the approval of the commissioner.

(8) **POWERS OF DIRECTORS.** The board may, with the approval of the commissioner, sell, lease, transfer, exchange and convey any of the property of the association, and upon their order the proper officers shall execute and deliver necessary deeds, leases, assignments, bills of sale, transfers and conveyances.

(9) **COMPROMISE SETTLEMENT OF CLAIMS, DEMANDS AND JUDGMENTS.** The board may compromise and settle any claims, demands or judgments which are a part of the assets of the association, upon express consent of the commissioner.

(10) **RULES TO BE PRESCRIBED BY THE COMMISSIONER.** The commissioner shall prescribe reasonable rules not inconsistent with laws for the operation of associations under this section.

(11) **OTHER PROVISIONS APPLICABLE.** Except as otherwise provided in this section, such association shall be operated as provided in this chapter.

215.31 Voluntary liquidation; dissolution.

(1) **PROCEDURE FOR VOLUNTARY LIQUIDATION.** Any association doing business under this chapter may go into liquidation or may dissolve by a 51 per cent vote of the dollar value of the outstanding savings accounts at a members' meeting held especially for that purpose, after 30 days' notice to each member. When an association has voted to liquidate or to dissolve, the board shall cause notice of this fact to be certified, under the seal of the association by its president and secretary, to the commissioner, and published as a class 3 notice, under ch. 985, in the county in which the association is located, calling on all persons who have claims against the association to present them to the association and make proof thereof at a specified place and time, and to mail a similar notice to all persons who appear as creditors on its books.

(2) **PERIOD OF LIQUIDATION.** Any association so liquidating shall dispose of all its assets within 10 years from the date of liquidation or dissolution unless the commissioner orders otherwise.

(3) **STATUS OF BOARD OF DIRECTORS.** The board shall remain a body corporate until the association is fully liquidated.

(4) **FILLING VACANCIES ON BOARD OF DIRECTORS.** In case of a vacancy on the board, the remaining directors may fill the vacancy by electing a director from among the members.

(5) **APPLICABILITY OF OTHER SECTIONS.** Any association so liquidating shall be subject to ss. 215.02 (16) and 215.03 the same as an association in actual operation.

(6) **RESUMPTION OF BUSINESS.** Such association, with the approval of the commissioner, may resume business upon conditions approved by him.

(7) **OPTIONAL ADOPTION OF PLAN PROVIDED IN SECTION 215.30.** Any association so liquidating may adopt the plan provided in s. 215.30 in the following manner: Upon the signing of a petition, in the form prescribed by the commissioner, by members owning at least 60 per cent of the dollar value of the outstanding savings accounts, in which petition they agree to the reinstatement of such association upon the plan provided in s. 215.30, the commissioner shall order a special meeting of such members. There shall be submitted at such special meeting a resolution, in the form prescribed by the commissioner, rescinding the former ac-

tion placing such association in liquidation. Such resolution shall be adopted if the vote in its favor is at least equal to that which adopted the resolution placing such association in liquidation. If, in addition to the foregoing resolution, such members, by a majority vote of the dollar value of savings accounts outstanding, adopt a further resolution, the form of which has first been approved by the commissioner, providing that the association be operated as provided in s. 215.30, such association will be deemed to be reinstated. Upon such reinstatement the members shall fill all vacancies on the board. The board shall forthwith appoint the appraisers as provided in s. 215.30 (2) and operate the association as provided therein. Voting by proxy shall be permitted at all meetings of members as provided in s. 215.08 (6), but proxies can be voted by members only.

(8) **DISPOSITION OF FUNDS.** (a) Unclaimed liquidating dividends and all funds remaining unpaid in the hands of the association or its board of directors at or immediately prior to the date of final distribution, together with all final liquidating costs, shall be delivered by them to the commissioner to be deposited by him in one or more state banks or state-chartered savings and loan associations, to the credit of the commissioner in his name, in trust for the various members and creditors entitled thereto. The commissioner shall include in his annual report to the governor the names of the associations so 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 or dividends earned upon such funds.

(c) The commissioner 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 and dividends earned by the moneys so held by him toward defraying the expenses of the department.

(9) **RESERVED AUTHORITY OF COMMISSIONER.** This section shall not prohibit the commissioner from proceeding against any association as provided in s. 215.32.

215.32 Possession by commissioner; involuntary liquidation. (1) **CONDITIONS FOR TAKING POSSESSION.** The commissioner may,

with the approval of the review board and after giving 10 days' notice to the board, take possession of the business and property of any association to which this chapter is applicable whenever he finds that such association:

- (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 failed to comply with an order of the commissioner; or
- (i) Has refused to submit its books, papers, records or affairs for inspection; or
- (j) Has refused to be examined upon oath regarding its affairs.

(2) **PROCEDURE UPON TAKING POSSESSION.** Upon taking possession of the business and property of any association, the commissioner shall forthwith:

(a) Serve written notice upon the president and secretary of the association, setting forth therein that he has taken possession and control of the business and property of said association. (Said notice shall be executed in duplicate, and immediately after it has been served, one notice shall be filed with the clerk of the circuit court of the county where said association is located, with proof of service.)

(b) Give notice to all persons known to the commissioner to be in possession of any assets of such association.

(3) **EMPLOYMENT OF COUNSEL; RETENTION OF OFFICERS AND EMPLOYEES OF ASSOCIATION.** The commissioner may employ necessary counsel and experts in such liquidation, and may retain such officers and employees of such association as he deems necessary.

(4) **APPOINTMENT OF SPECIAL DEPUTY COMMISSIONERS.** The commissioner may appoint special deputy commissioners as agents to assist in the liquidation and distribution of the assets of associations whose business and property the commissioner has taken possession of. 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 association is located.

(5) **SURETY BONDS OF SPECIAL DEPUTY COMMISSIONERS AND ASSISTANTS.** Special deputy commissioners and assistants shall furnish surety bonds in accordance with s. 215.11.

(6) **DUTIES OF SPECIAL DEPUTY COMMISSIONERS.** (a) *Notice, allowance and payment of claims.* The special deputy commissioner shall publish a class 3 notice, under ch. 985, calling

on all persons who have claims against the association, to present the same to him and make proof thereof at a place and time, therein specified. He shall mail a similar notice to all persons, at their last known addresses, who appear as creditors upon the books of the association. Proof of service of such notice shall be filed with the clerk of said court. The special deputy commissioner may reject any claim. Any interested party may file written objections to any claim with the special deputy commissioner. After notice by registered mail of such rejection, the claim 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.

(b) *Inventory of assets and statement of liabilities.* Upon taking possession, the special deputy commissioner shall make an inventory of the assets of the association, in duplicate, one to be filed in the office of the commissioner and one in the office of the clerk of such circuit court. Upon the expiration of the time fixed for the presentation of claims, the special deputy commissioner shall make in duplicate a complete list of the claims presented, specifying claims rejected by him, one to be filed in the office of the commissioner and one in the office of the clerk of such circuit court. The inventory of assets and a list of claims shall be open to inspection.

(c) *Execution of legal documents; borrowing of money.* Such special deputy commissioner may execute, acknowledge and deliver all deeds, assignments, releases or other instruments necessary and proper to effect any sale or transfer or incumbrance of the 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 association is located as hereinafter provided.

(d) *Conservation of assets; collection of claims; sale of assets and performance of any other acts upon petition and order of the court.* Upon taking possession, the special deputy commissioner may do such necessary acts to conserve its assets and business, and shall proceed to liquidate its affairs. He shall collect all claims belonging to it, and upon a petition approved by the commissioner and upon order of the circuit court, may sell or compound all bad or doubtful claims, or do any act or execute any necessary instruments and upon like petition and order may sell the property of such associa-

tion on such terms as the court approves. The special deputy commissioner may, if necessary, enforce individual liability of the members to pay the debts of the association.

(e) *Depositing of moneys in one or more state banks.* The moneys collected by the special deputy commissioner shall be deposited in state banks, and in case of the suspension or insolvency of the depository, such deposits shall be preferred before all other deposits.

(f) *Liquidating dividends.* At any time after the date fixed for the presentation of claims, the special deputy commissioner may, upon petition approved by the commissioner and an order of the circuit court, out of the funds remaining, after the payment of expenses and debts, declare liquidating dividends, and may declare a final liquidating dividend, such dividend to be paid to the persons, and in amounts as directed by the court.

(g) *Notice prior to order for final distribution.* Prior to the order for final distribution, the special deputy commissioner shall publish, as a class 3 notice, under ch. 985, and give such further notice as the court may direct, calling on all persons who have claims against the association arising during the liquidation proceedings, to present same to him and make proof thereof at a place and time specified. Proof of such notice shall be filed with the clerk of the circuit court. The special deputy commissioner may accept or reject any claim. Any interested party may file written objection to any claim with the special deputy commissioner, and such claim shall be determined by the court after such notice to all interested parties as the court prescribes. In the event of the rejection of any claim without objection thereto having been filed, such claim shall be barred unless suit thereon is brought within 3 months after notice of such rejection, by registered mail, has been given to the claimant by the special deputy commissioner.

(h) *Transfer of residual assets to commissioner.* After the order for final distribution has been made, the special deputy commissioner shall, with the approval of the commissioner and the circuit court, having jurisdiction thereof, assign all assets, claims and demands that have been written off and considered worthless, and all unknown assets, to the commissioner, who may accept and hold such assets, claims and demands, with the power to compound, compromise, settle and assign the same and execute and deliver any legal instrument incidental thereto without court approval. Any moneys received therefrom shall be paid into the general fund of the state after the commissioner has deducted the cost of his services,

attorney fees and other expenses incidental thereto.

(7) **UNCLAIMED LIQUIDATING DIVIDENDS AND UNCLAIMED FUNDS.** (a) Unclaimed liquidating dividends and all funds remaining in the hands of the special deputy commissioner at the date of the order for final distribution together with all final liquidating costs shall be by him delivered to the commissioner to be deposited by him in state banks, or in state-chartered savings and loan associations to the credit of the commissioner, in trust for the members and creditors entitled thereto. The commissioner shall include in his annual report to the governor the names of associations liquidated, and the sums of unclaimed and unpaid liquidating dividends and unclaimed funds with respect to each of them, and a statement of interest earned upon such funds.

(c) The commissioner may pay the moneys so held by him to the persons 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 directing the payment. He may apply the interest earned by the moneys so held by him towards defraying the expenses in the payment and distribution of unclaimed liquidating dividends and funds to the members and creditors entitled to the same.

(d) At the time of the order for final distribution, the commissioner may make application to the circuit court having jurisdiction for an order determining what books and records are to be kept or destroyed, stating in such application his recommendations thereon. The court shall by order determine what books and records are to be kept or destroyed and fix an appropriate time in either event. All books and records ordered kept shall be kept in a manner and place ordered, subject to the further order of the court. The expense of keeping records shall be paid before final distribution. All books and records ordered destroyed shall be delivered to the commissioner to be so destroyed or to be kept for such further time as the commissioner directs.

(8) **TITLE PASSES TO COMMISSIONER.** Upon filing the notice under sub. (2), the possession of all property of the association shall be deemed to be transferred from the association to the commissioner; and filing of the notice mentioned herein shall of itself vest the title to such property in the commissioner. Such filing shall bar any attachment, garnishment, execution or other legal proceedings against the association or its property.

(9) **EFFECT OF POSSESSION.** No association shall have a lien or charge for any payment, advance or clearance made or liability incurred,

against any of the assets of the association after the commissioner has possession.

(10) **ACTION TO ENJOIN PROCEEDINGS.** Whenever any association whose property the commissioner has taken possession of deems itself aggrieved thereby, it may, within 10 days after such taking, apply to the circuit court of Dane county 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 enjoin the commissioner from further proceedings, and direct him to surrender such business and property to such association.

(11) **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, subject to the approval of the circuit court, and shall upon the certificate of the commissioner be paid out of the funds of the association. Such expenses include the cost of the service rendered by the commissioner to the association and shall be determined from time to time by him and shall be paid to the commissioner from the assets of the association.

(12) **DEPRECIATION OF SAVINGS ACCOUNTS; ADJUSTMENT OF LOANS; INTEREST ON LOANS.** The withdrawal value of all savings accounts shall be determined as prescribed by the commissioner pursuant to s. 215.30 (2) and (3), or in such other manner as he prescribes. Upon the approval of such determined value by the commissioner and the circuit court, the withdrawal value of every member's savings account shall be depreciated proportionately. At least 5 days' written notice of such determination of value shall be given to all members of the time and place such value of the savings accounts shall be submitted to the circuit court for approval. Should any member or creditor feel aggrieved by such determination of value, he may within 15 days after the mailing of a notice by the commissioner, addressed to his last known address, giving notice of such determination and value, appeal to the supreme court. The depreciated withdrawal value of all mortgage pledged savings accounts shall be credited to the loans upon which pledged, and the borrowers shall be liable only for the balance. The legal rate of interest shall be charged on such loans. After the creditors of the association have been paid, a member may, with the approval of the commissioner, apply his savings accounts toward the purchase price of real estate or toward

the payment of his loans, taxes, insurance or any other item owing the association.

(13) **REINSTATEMENT.** Whenever the commissioner has taken possession of the business and property of any association, it may resume business when:

(a) The owners of at least two-thirds of such association's dollar value of outstanding savings accounts execute a petition to such effect, in the form of which prescribed by the commissioner; and

(b) There is submitted to the commissioner by such members, or a committee selected by them, a plan for the reorganization and reinstatement of the association; and

(c) The commissioner recommends that control of the business and property of the association be returned to the members; and

(d) The court in which such liquidation is pending, upon application of the commissioner, finds that the association will be in a safe and sound condition when control is resumed by the members.

(14) **REINSTATEMENT UPON A RESTRICTED BASIS.** Such association may resume business upon a restricted basis, and upon limitations and conditions prescribed by the commissioner when approved by the circuit court, upon application of the commissioner. Such restrictions and conditions may include a prohibition against the acceptance of payments on new savings accounts, reasonable restrictions upon withdrawals of savings accounts and the payment of other liabilities. Such associations shall thereupon be relieved from the control of the commissioner.

(15) **PROCEDURE UPON TAKING POSSESSION OF ASSOCIATION WHOSE SAVINGS ACCOUNTS ARE INSURED BY FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION.** (a) The commissioner may, if he takes possession of any association, the savings accounts of which are to any extent insured by the federal savings and loan insurance corporation, tender to said corporation the appointment as statutory liquidator of such association. If he does not make such tender, he shall tender to said corporation the appointment as statutory co-liquidator to act jointly with the commissioner, but such co-liquidatorship shall not be for more than one year from the date of such tender, at the expiration of which time the commissioner shall become the sole liquidator except as herein otherwise provided. The commissioner shall tender to said corporation the appointment as sole statutory liquidator of such association whenever said corporation has become subrogated to the rights of 90 per cent of the liability of such association on savings accounts. If the corpora-

tion becomes subrogated as to all the savings accounts in such association, it may then exercise all the powers and privileges herein conferred upon it without court approval.

(b) If the corporation accepts the appointment as sole liquidator it shall possess all the powers and privileges of the commissioner as statutory liquidator of a possessed savings and loan association, and be subject to all the duties of the commissioner as sole liquidator, except insofar as such powers and privileges or duties are in conflict with federal laws, and except as herein otherwise provided, unless such association resumes business, pursuant to subs. (13) and (14). If the corporation accepts the appointment as co-liquidator, it shall possess such powers and privileges jointly with the commissioner and shall be subject to such duties jointly with said commissioner.

(c) In the event the corporation accepts the appointment as co-liquidator or liquidator, it shall file such acceptance with the commissioner and the clerk of the circuit court and it may act without bond. Upon the filing by the corporation of its acceptance of the appointment as sole liquidator, the possession of and title to all the assets, business and property of the association shall vest in the corporation without the execution of any conveyance, assignments, transfer or indorsement. Upon the filing by the corporation of its acceptance of the appointment as co-liquidator, such possession and title shall be vested in the commissioner and the corporation jointly. If the corporation does not qualify as sole liquidator at or before the time herein provided for the expiration of the co-liquidatorship, the corporation shall be wholly divested of and from such joint title and possession and the sole title and possession shall thereupon vest in the commissioner. The vesting of title and possession of the property of the association, under sub. (8), shall not render such property subject to any claims or demands against the federal corporation, except such as may be incurred by it with respect to such association and its property. Whether or not it serves as aforesaid, the corporation may make loans on the security of or may purchase with the approval of the court, except as herein otherwise provided, all or any part of the assets of any association, the savings accounts of which are to any extent insured by it, but in the event of such purchase, the corporation shall pay a reasonable price.

(d) Whether or not the corporation serves as liquidator, whenever it pays or makes available for payment the savings accounts of any such association in liquidation which are insured by it, it shall be subrogated upon the surrender and transfer to it of such savings accounts, with re-

spect thereto, but such surrender and transfer shall not affect any right which the transferor has in such savings accounts which are not paid or made available for payment or any right to participate in the distribution of the net proceeds remaining from the disposition of the assets of such association; provided, that the rights of the investors and creditors of such association shall be determined in accordance with the applicable laws of the state.

215.33 Foreign associations. (1) **DEFINITION OF FOREIGN ASSOCIATIONS.** Any corporation or association, organized under the laws of any other state or territory, for the purpose of raising money to be loaned among its members, shall be known as a foreign association, except a federal savings and loan association chartered by the federal home loan bank board and having its principal office in Wisconsin.

(2) **EXAMINATION OF FOREIGN ASSOCIATIONS.** The commissioner, before granting a license, shall examine every foreign association applying for permission to transact business in this state, and every such association shall pay the actual cost of making such examinations.

(3) **DEPOSIT OF FOREIGN ASSOCIATIONS WITH STATE TREASURER.** (a) *Required amount of deposit.* No foreign savings and loan association and no foreign association or corporation representing itself to be a savings and loan association or doing business on the building-society plan, and no association or corporation organized under the laws of any other state or territory and doing business in the manner provided for savings and loan associations by this chapter shall issue its savings accounts, receive moneys or transact any business in this state unless it has and keeps on deposit with the state treasurer, in trust for the benefit and security of all its members in this state, \$500,000 to be held until all evidences of investment of such association, held by residents of this state, have been fully withdrawn, redeemed or paid off and until its contracts and obligations to persons residing in this state have been fully performed and discharged.

(b) *Commissioner's approval of securities comprising deposit.* The securities comprising such deposit shall first be approved by the commissioner under the rules governing the approval of securities of trust company banks. Upon such deposit being made the state treasurer shall issue a certificate therefor, and thereupon the commissioner may issue his certificate of authority to said association to transact business in this state.

(c) *Types of securities comprising deposit.* The deposit to be made with the state treasurer

may consist of bonds or treasury notes of the United States, or bonds of any city, village, town or county of this state.

(d) *Interest on securities deposited.* All interest which may accrue on securities held by the state treasurer may be collected and retained by the depositor so long as such foreign association remains solvent and performs all contracts with its members.

(e) *Withdrawal and substitution of securities comprising deposit.* Any securities, if approved by the commissioner, may from time to time be withdrawn if others of equal value and the character named in this section are substituted therefor.

(f) *Replacement of depreciated securities comprising deposit.* If any securities depreciate in value new ones must be added, so that the deposit at all times is kept good and of the value of \$500,000. The commissioner shall revoke the certificate of authority of any foreign association when there exists an impairment of such deposit for more than 30 days after notice to the association by such commissioner.

(g) *Conditions requiring increase of amount of deposit.* Whenever the commissioner finds that the liability of any foreign savings and loan association or any foreign investment association on evidences of investment or contracts then outstanding or contracted for by persons residing in this state, exceeds 90% of the amount of the deposit under subs. (1) and (6), exclusive of any such liability under any agreement existing, created, regulated or required by the department of industry, labor and human relations under ch. 108 or by any other department or agency of state government, the commissioner shall order such association or corporation to deposit within 30 days with the state treasurer, an additional amount in cash or securities of the class mentioned in sub. (3), or such other securities as the commissioner requires and approves. If such order is not complied with within 30 days, the commissioner shall revoke the certificate of authority of such association or corporation.

(h) *Withdrawal of securities without replacement or substitution, when permitted.* Any foreign association, having made the deposit of securities required by this chapter, and desiring to withdraw same or any of them without depositing securities of like character and amount, or desiring to discontinue its business or withdraw from the state, may do so by complying with the following provisions: It shall file with the commissioner a statement reciting the reasons for desiring to withdraw securities and the amount to be withdrawn. The commissioner shall thereupon examine the association and de-

termine the amount of its liabilities on account of all agreements or contracts outstanding with residents of this state, and if convinced that the interests of the residents will not be injured or jeopardized by the withdrawal shall publish in 3 newspapers, at the expense of the association, a class 3 notice, under ch. 985, of the request, and if no objection is filed by any resident holding any share, certificate, bond or other evidence of indebtedness of or against the association within one week after the last insertion the commissioner shall certify to the state treasurer the amount of liabilities, if any existing in this state and the amount of securities the association is permitted to withdraw, and upon filing a receipt for the amount the association may withdraw the same; but there shall remain a sufficient deposit to protect state residents holding shares, certificates, bonds or other evidences of indebtedness of or against the association.

(4) **CONDITIONS PRECEDENT TO COMMENCEMENT OF BUSINESS OF FOREIGN ASSOCIATIONS.** Every foreign savings and loan association, before doing business in this state, shall:

(a) File with the commissioner a duly authenticated copy of its charter or articles of incorporation and bylaws, and of its evidences of investment or certificates of shares and of all printed matter issued by it; and

(b) A certificate of the state officer having charge and supervision of such association in its home state, certifying that such association is legally incorporated and authorized to transact business, and that similar associations incorporated under the laws of this state are permitted and licensed to transact business in such state; and

(c) Pay to the commissioner \$100 for filing the papers mentioned in this section.

(5) **FEDERAL ASSOCIATIONS NOT DOING BUSINESS, WHEN.** No federal savings and loan association shall be considered to be doing business in this state because of acquiring, holding or disposing of real property or any interest therein in this state or because of maintaining or operating such property.

(6) **APPOINTMENT OF COMMISSIONER AS ATTORNEY FOR FOREIGN ASSOCIATIONS.** Before granting a license to any foreign association the commissioner shall require that such association file an appointment of the commissioner and his successor in office as the attorney upon whom any summons, notice or process of any court of this state may be served and stipulate that service of any such summons, notice or process upon such attorney, in any action brought upon any cause of action arising out of any business transaction, in this state, shall be accepted irrevocably as a valid service upon

such association. Copies of said appointment, certified by the commissioner, shall be deemed sufficient evidence of his authority to accept service as such. Each such association shall agree in such appointment of attorney, that the license granted by the commissioner shall cease and be revoked in case such association makes application to remove into any court of the United States any action or proceeding commenced in any court of this state upon a claim or cause of action arising out of any business or transaction done in this state. The commissioner shall revoke every license or certificate granted to any association violating this section, and no such association shall have its license or certificate of authority renewed for 3 years after such revocation, and shall agree that in the event of revocation of license such appointment of the commissioner shall continue for the purpose of serving process for beginning actions upon any certificate of stock or liability incurred or contracted in this state while it transacted business therein, so long as any liability exists. When legal process against such association is served upon the commissioner, he shall immediately notify the association of such service by letter and enclose a copy of the process served on him to said association or to any person designated by it in writing. The plaintiff, for each process so served, shall pay to the commissioner, at the time of such service, a fee of \$4 which shall be recovered by the plaintiff as a part of the taxable costs if he prevails in the action. The commissioner shall keep a record of all process served on him, showing the day and hour when such service was made. All the fees received by him on account of the service of process shall be paid into the state treasury.

(7) LICENSE OF FOREIGN ASSOCIATIONS; WHEN GRANTED. No foreign association shall do business in this state without having paid the

fees prescribed in this chapter and obtained from the state treasurer a certificate that the deposit required by this chapter has been made, and from the commissioner a certificate of authority or license to do business in this state, stating that such association has complied with this chapter; and such certificate of authority or license shall be in force one year unless sooner revoked, and shall be renewed from year to year, and unless so renewed such association shall not do business in this state.

(8) LICENSE OF AGENTS OF FOREIGN ASSOCIATIONS. No person shall act as the agent of any foreign association until he has, at the request of such association, procured from the commissioner a license reciting the facts that such association is licensed to transact business in this state and has complied with all requirements. The fee for such license shall be \$25 and the license shall continue in force, unless sooner revoked, until the close of the fiscal year of the association.

(9) ANNUAL REPORTS OF FOREIGN ASSOCIATION; COMPLIANCE WITH LAWS. Every foreign association shall make such annual report as is required of local associations, comply with all laws applicable to such associations and be subject to the same penalties.

(10) CONDITION WARRANTING APPOINTMENT OF RECEIVER OF FOREIGN ASSOCIATION. The commissioner shall upon evidence furnished to him that any licensed foreign association has failed to pay any final judgment rendered against it in any court of this state, apply for the appointment of a receiver. All expenses incurred by him under this section, when certified to the department of administration as actually necessary, shall be paid out of his appropriation.