

State of Wisconsin



1997 Senate Bill 407

Date of enactment: **April 20, 1998**

Date of publication*: **May 4, 1998**

1997 WISCONSIN ACT 152

AN ACT *to repeal* 186.01 (3g), 186.01 (6), 186.02 (2) (a) 5k. and 186.12 (2); *to amend* 186.015 (5), 186.07 (5) (c), 186.07 (6), 186.071 (1) (a), 186.071 (1) (b), 186.08 (1m) (c), 186.098 (13) (a), 186.10 (2), 186.113 (1), 186.12 (title), 186.13, 220.285 (1), 220.285 (2), 708.10 (1) (e) 2. and 708.10 (1) (e) 3.; *to repeal and recreate* 186.19; and *to create* 186.113 (1m) (title), 186.113 (23), 186.235 (7) (b) 1m. and 186.71 of the statutes; **relating to:** the powers and duties of credit unions and their directors, officers, employees and members; and the "good funds" requirements for loan closings.

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

SECTION 1. 186.01 (3g) of the statutes is repealed.

SECTION 2. 186.01 (6) of the statutes is repealed.

SECTION 3. 186.015 (5) of the statutes is amended to read:

186.015 (5) **REVIEWS.** Any interested person aggrieved by any act, order or determination of the office of credit unions that relates to credit unions may, within 60 days after the date of the act, order or determination, apply for review by the review board. The review board shall determine if the office of credit unions acted within the scope of the office's authority, has not acted in an arbitrary or capricious manner and has based the act, order or determination on evidence supported by the record. The review board shall dispose of a review application within 60 days after the date on which it is received, unless the review board designates a hearing examiner, in which case the review board shall dispose of the review application within 180 days after the date on which it is received.

SECTION 4. 186.02 (2) (a) 5k. of the statutes is repealed.

SECTION 5. 186.07 (5) (c) of the statutes is amended to read:

186.07 (5) (c) The director is unable to be bonded for ~~all activities of the credit union~~ in accordance with the standards set by the board of directors.

SECTION 6. 186.07 (6) of the statutes is amended to read:

186.07 (6) **REMOVAL NOTICE AND APPEAL.** A director who is removed under sub. (5) or s. 186.071 (2) shall be given notice of removal ~~and shall be given an opportunity to appeal before the board of directors.~~ The removed director may petition the board of directors to reconsider its decision. If the board of directors does not reinstate the director, the director may appeal the decision of the board of directors to the office of credit unions. If the office of credit unions determines that the removal of the director was improper, the office of credit unions shall order the reinstatement of the director and, if the board of directors has already appointed a person to fill the vacancy created by the removal of the director, the removal of such person.

SECTION 7. 186.071 (1) (a) of the statutes is amended to read:

* Section 991.11, WISCONSIN STATUTES 1995-96: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

186.071 (1) (a) Keep confidential the financial affairs of credit union members, unless state and federal laws, security requirements or sound lending practices ~~require~~ permit disclosure.

SECTION 8. 186.071 (1) (b) of the statutes is amended to read:

186.071 (1) (b) Keep confidential the records and accounts of the credit union and the deliberations of the board of directors unless state or federal law ~~requires per-~~ mits disclosure.

SECTION 9. 186.08 (1m) (c) of the statutes is amended to read:

186.08 (1m) (c) Setting the type and amount of surety bond required ~~of each officer having custody of funds for directors, officers and employes.~~

SECTION 10. 186.098 (13) (a) of the statutes is amended to read:

186.098 (13) (a) Subject to any limitation on security interests identified in s. 422.417 (3) and if the loan agreement or endorsement permits it, a credit union shall have a lien on the share deposits and deposit accounts and accumulated dividends of a member for any amount owed the credit union by the member and for any loan endorsed by the member. Upon the default of the owner of the account in an obligation owed to the credit union, the credit union shall have a right of immediate setoff for each share deposit and deposit account unless prohibited under 12 CFR 226.12 (d). ~~Sections If the loan is a consumer credit transaction as defined in s. 421.301 (10), ss. 425.104 and 425.105 apply to a default under this paragraph.~~ The credit union may also refuse to allow withdrawals from any share deposit or deposit account in an amount not to exceed any delinquent obligation to the credit union.

SECTION 11. 186.10 (2) of the statutes is amended to read:

186.10 (2) **SHARES IN TRUST.** Shares may be issued in trust, subject to any conditions prescribed in the bylaws. Share accounts and deposit accounts may be ~~owned held~~ held by a member in trust for a beneficiary, ~~or owned held~~ held by a nonmember in trust for a beneficiary who is a member or held by a nonmember custodian for a member pursuant to ss. 880.61 to 880.72.

SECTION 12. 186.113 (1) of the statutes is amended to read:

186.113 (1) **BRANCH OFFICES.** If the need and necessity exist and with the approval of the office of credit unions, establish branch offices inside this state or no more than 25 miles outside of this state. Permanent records may be maintained at branch offices established under this subsection. In this subsection, the term "branch office" does not include a remote terminal, a limited services office or a service center.

SECTION 13. 186.113 (1m) (title) of the statutes is created to read:

186.113 (1m) (title) **LIMITED SERVICES OFFICES.**

SECTION 14. 186.113 (23) of the statutes is created to read:

186.113 (23) **ACCEPT INVESTMENTS.** Accept investments made by state or federally chartered credit unions.

SECTION 15. 186.12 (title) of the statutes is amended to read:

186.12 (title) **Compensation of officers, sureties, operation expenses.**

SECTION 16. 186.12 (2) of the statutes is repealed.

SECTION 17. 186.13 of the statutes is amended to read:

186.13 Expulsion. If the board of directors adopts a written policy, a credit union may expel a member if the member neglects or refuses to comply with this chapter or the credit union bylaws or if the board has other just cause. The credit union shall provide notice to the member in writing of the reason for expulsion. The notice shall include a description of the member's right to a hearing and the time period for the member to request a hearing. If a member requests a hearing in writing within 45 days of receipt of the expulsion notice, the board shall give the member an opportunity to be heard on the expulsion within 90 days after the date of the expulsion notice.

SECTION 18. 186.19 of the statutes is repealed and recreated to read:

186.19 Bonding requirements. A credit union shall maintain the necessary bonds for directors, officers and employes according to any standards prescribed by the national board.

SECTION 19. 186.235 (7) (b) 1m. of the statutes is created to read:

186.235 (7) (b) 1m. Furnish any state regulatory authority regulating state financial institutions with a copy of any examination made by the office of credit unions of any credit union or of any report made by the credit union, if the authority agrees to treat the information received under this subdivision with the same degree of confidentiality that is required of employes of the office of credit unions under par. (a).

SECTION 20. 186.71 of the statutes is created to read:

186.71 Reproduction and destruction of records; evidence. (1) Any credit union may cause any or all records kept by such credit union to be recorded, copied or reproduced by any photostatic, photographic or miniature photographic process or by optical imaging if the process employed correctly, accurately and permanently copies, reproduces or forms a medium for copying, reproducing or recording the original record on a film or other durable material. A credit union may thereafter dispose of the original record after first obtaining the written consent of the office of credit unions.

(2) Any photographic, photostatic or miniature photographic copy or reproduction or copy reproduced from a film record or any copy of a record generated from optical disk storage of a credit union record is considered 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, copy reproduced from a film record or copy generated from optical disk storage of a record shall, for all purposes, be considered a facsimile, exemplification or certified copy of the original record.

SECTION 21. 220.285 (1) of the statutes is amended to read:

220.285 (1) Any state bank, trust company bank, licensee under s. 138.09, 138.12, 218.01, 218.02, 218.04 or 218.05 or ch. 217 ~~or credit union~~ may cause any or all records kept by such bank, or licensee ~~or credit union~~ to be recorded, copied or reproduced by any photostatic, photographic or miniature photographic process or by optical imaging if the process employed correctly, accurately and permanently copies, reproduces or forms a medium for copying, reproducing or recording the original record on a film or other durable material. A bank, or licensee ~~or credit union~~ may thereafter dispose of the original record after first obtaining the written consent of the division. This section, excepting that part of it which requires written consent of the division, is applicable to national banking associations insofar as it does not contravene federal law.

SECTION 22. 220.285 (2) of the statutes is amended to read:

220.285 (2) Any photographic, photostatic or miniature photographic copy or reproduction or copy repro-

duced from a film record or any copy of a record generated from optical disk storage of a bank record, or record of a licensee ~~or credit union~~ record is ~~deemed~~ considered 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, copy reproduced from a film record or copy generated from optical disk storage of a record shall, for all purposes, be ~~deemed~~ considered a facsimile, exemplification or certified copy of the original record.

SECTION 23. 708.10 (1) (e) 2. of the statutes is amended to read:

708.10 (1) (e) 2. Cashier's check or teller's check.

SECTION 24. 708.10 (1) (e) 3. of the statutes is amended to read:

708.10 (1) (e) 3. A check that is negotiable, as defined in s. 403.104 (1), and on which the lender or an affiliate of the lender is the ~~payer~~ drawee, as defined in s. 403.103 (1) (b).

SECTION 25. Initial applicability.

(1) DISPOSAL OF APPLICATIONS FOR REVIEW. The treatment of section 186.015 (5) of the statutes first applies to applications for review submitted on the effective date of this subsection.

(2) DIRECTOR REMOVAL. The treatment of section 186.07 (6) of the statutes first applies to directors removed on the effective date of this subsection.