

1999 SENATE BILL 274

November 2, 1999 – Introduced by Senators ERPENBACH, MOEN, GROBSCHMIDT, PLACHE, BAUMGART, GEORGE, A. LASEE, RISSER, DECKER, ROBSON and ZIEN, cosponsored by Representatives F. LASEE, YOUNG, CARPENTER, RYBA, COLON, HUBER, KREIBICH, SYKORA, POCAN, BOYLE, PLALE, REYNOLDS, SINICKI, HASENOHRL, BLACK, AINSWORTH, STASKUNAS, HEBL, GOETSCH, GRONEMUS, WAUKAU, TRAVIS, TOWNSEND, MEYERHOFER, PLOUFF, BALOW, J. LEHMAN, MUSSER, ZIEGELBAUER, ALBERS, SCHNEIDER and PETTIS. Referred to Committee on Privacy, Electronic Commerce and Financial Institutions.

1 **AN ACT** *to repeal* 186.01 (8), 186.02 (2) (a) 3. and 4., 186.235 (16) (b), 186.41 (1)
2 (d), 186.41 (6) (b) and 186.41 (8); *to renumber* 186.11 (4) (b) 6. and 7., 186.235
3 (16) (a) and 186.41 (6) (a); *to renumber and amend* 186.02 (2) (d), 186.41 (1)
4 (a) and 186.41 (1) (c); *to amend* 93.01 (1m), 186.01 (2), 186.02 (2) (a) 1., 186.02
5 (2) (b) 2., 186.02 (2) (b) 3., 186.02 (2) (c), 186.11 (4) (title) and (a), 186.11 (4) (b)
6 (intro.) and 1., 186.11 (4) (c), 186.113 (1), 186.113 (1m) (a) (intro.), 186.113 (6)
7 (b) and (c), 186.113 (7), 186.235 (7) (a) (intro.), 186.36, 186.41 (title), 186.41 (2)
8 and (3), 186.41 (4) (intro.), (a) to (d) and (f) and 186.41 (5) (a), (b), (c) and (cr);
9 and *to create* 186.02 (2) (d) 2., 186.08 (1m) (h), 186.11 (4) (b) 6m., 7m. and 8.,
10 186.113 (24), 186.113 (25), 186.235 (7) (c), 186.235 (7m), 186.45 and 186.80 of
11 the statutes; **relating to:** credit union membership, powers and operation; the

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- 1 application of agriculture, trade and consumer protection statutes to credit
2 unions and providing a penalty.
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Analysis by the Legislative Reference Bureau

This bill makes numerous changes to the chapter that governs the formation, operation and regulation of credit unions in this state. These changes include the following:

Credit union membership

Under current law, credit union membership is open to groups having a common bond of occupation or association; residents within a well-defined neighborhood, community or rural district; employes of related industries or industries that operate within a well-defined neighborhood, community or rural district; members of certain fraternal, labor, educational or other similar organizations and credit union employes. Furthermore, credit union membership is open to the immediate family of all individuals who are qualified for membership. Current law defines “members of the immediate family” as any relative of a member or of a member’s spouse who is living with the member and as the member’s spouse, parents, stepchildren and children. In addition, current law permits a credit union to accept an organization or association as a member, if a majority of the members of the organization or association are eligible for membership.

This bill expands the pool of individuals, organizations and associations that are eligible for membership in a credit union. Under this bill, credit union membership is open to individuals who reside or are employed in neighborhoods, communities, rural districts or multicounty regions, unless the office of credit unions determines that it is impractical for the particular credit union to serve the area in which the individuals reside or are employed. Furthermore, membership is open to employes of industries that operate at least one facility within a neighborhood or within an urban, suburban or rural community, the limits of which are not determined by any arbitrary physical standard. This bill repeals the definition of “members of the immediate family” and requires the board of directors of each credit union to establish a policy for determining which individuals qualify as members of the immediate family for the purposes of determining membership eligibility. In addition, this bill opens credit union membership to any organization or association that has a business location within any geographic limits of the credit union’s field of membership, as well as any organization or association that, in the ordinary course of business, provides goods and services to credit unions, credit union organizations or persons who are eligible for membership in the credit union. This bill also permits a credit union to accept any organization or association as a member, if a majority of the directors, owners or members of the organization or association are eligible for membership.

Credit union investments

Under current law, a credit union may invest up to 1.5% of its total assets in an organization that is organized primarily to provide goods and services to credit

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unions, credit union organizations and credit union members (credit union service organization). Under current law, a credit union may invest in a credit union service organization that is a corporation. Current law also specifies the types of goods and services that a credit union service organization may provide. These goods and services include, among other things, credit card services, automated teller services, financial planning and insurance sales. However, current law is ambiguous as to whether the percentage limitation on a credit union's investment in credit union service organizations applies to the aggregate total of all credit union investments in credit union service organizations or to a credit union's investment in each particular credit union service organization.

This bill expands the types of organizations in which a credit union may invest. Under this bill, a credit union service organization is any organization that is organized to provide goods and services, in the ordinary course of business, to credit unions, credit union organizations and credit union members. In addition, under this bill, a credit union may invest in a credit union service organization that is a corporation, limited partnership, limited liability company or any other entity that is permitted under state law and that is approved by the office of credit unions.

This bill also provides that the office of credit unions may permit a credit union to invest greater than 1.5% of credit union assets in a credit union service organization. In addition, this bill clarifies that the limitation on a credit union's investment in credit union service organizations applies to the aggregate total of all credit union investments in credit union service organizations.

This bill also expands the types of goods and services that a credit union service organization may provide. Under this bill, the goods and services provided by a credit union service organization may include electronic transaction services; the management, development, sale or lease of fixed assets; the sale, lease or servicing of computer hardware or software; securities brokerage services and travel agency services.

Credit union powers

Currently, to the extent permitted by federal law, a credit union may act as trustee of member tax deferred funds and as a depository for member-deferred compensation funds. This bill expands this authority, allowing a credit union, to the extent permitted by federal law, to act as a trustee or custodian of member tax deferred retirement funds, individual retirement accounts, medical savings accounts and other employe benefit accounts or funds. In addition, this bill allows a credit union, to the extent permitted by federal law, to act as a depository for member qualified and nonqualified deferred compensation funds.

Under current law, funds held in trust under a burial agreement (commonly known as a funeral trust) must be deposited in a bank, savings bank, savings and loan association or credit union. This bill clarifies that a credit union may accept these deposits if the deposits are made by a credit union member.

Currently, with certain exceptions, a credit union may purchase, hold and dispose of property as necessary for or incidental to credit union operations. However, although current law does permit a credit union to make investments, with certain exceptions, current law does not specifically permit a credit union to

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purchase the financial assets of another lender or seller. This bill specifies that a credit union, with the approval of the office of credit unions, generally may purchase the following financial assets of another lender or seller: loans, lines of credit, liens, security interests, leases, conditional sales contracts and certain investments that a credit union is permitted to make under current law.

Branch offices of Wisconsin credit unions

Under current law, if the need and necessity exist, a credit union may establish branch offices within this state or no more than 25 miles outside of this state. In addition, if certain conditions are met, a credit union may establish a limited service office outside of this state to serve members of the credit union. A credit union seeking to establish a branch office or limited service office must first obtain the approval of the office of credit unions.

This bill expands the authority of a credit union to establish branch offices. Under this bill, with the permission of the office of credit unions, a credit union may establish branch offices anywhere inside or outside of this state. This bill repeals the authority for a credit union to establish a limited service office, although a credit union may continue to operate a limited service office that is in existence on the effective date of this bill.

Branch offices of non-Wisconsin credit unions

Current law does not specifically permit a credit union organized under the laws of another state (non-Wisconsin credit union) to establish a branch office in this state. This bill specifies that a non-Wisconsin credit union may establish a branch office in this state if the office of credit unions finds that certain conditions apply to the non-Wisconsin credit union. For example, the non-Wisconsin credit union must be organized under laws similar to ch. 186, must be financially solvent and must have federal insurance for member deposits. In addition, the office of credit unions must find that credit unions organized under the laws of this state are allowed to do business under similar conditions in the home state of the non-Wisconsin credit union.

Interstate mergers and acquisitions of credit unions

Under current law regarding interstate mergers and acquisitions of credit unions, a credit union organized in this state may only merge with, acquire or be acquired by a state or federal credit union that has its principal office in Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri or Ohio. This bill repeals this geographic limitation on mergers and acquisitions of credit unions and, thus, expands the number of credit unions that are eligible to merge with, acquire or be acquired by a credit union organized in this state.

Credit union reports

Current law contains several credit union reporting requirements and, with certain exceptions, requires the office of credit unions to annually examine the records and accounts of each credit union. The employees of the office of credit unions and members of the credit union review board must keep information obtained in the course of examinations confidential, with limited exceptions. A violation of this confidentiality requirement is subject to a forfeiture of up to \$200.

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This bill expands the confidentiality requirement to also include information contained in certain reports that a credit union provides to the office of credit unions. In addition, this bill specifies that, with certain exceptions, any employe of the office of credit unions or member of the credit union review board who discloses any information about the private account or transactions of a credit union or who discloses any information obtained in the course of an examination is subject to a fine of not less than \$100 nor more than \$1,000, imprisonment for not less than six months nor more than three years or both and may be required to forfeit his or her office or position.

Definition of “credit union”

This bill deletes the statement, currently contained in the definition of “credit union”, that a credit union be incorporated to encourage thrift, create a source of credit at a fair and reasonable cost and provide an opportunity for credit union members to improve their economic and social conditions. Under this bill, “credit union” means a cooperative, nonprofit corporation, incorporated under ch. 186.

Credit union bylaws

This bill reduces the information that a credit union must include in its bylaws. Under this bill, a credit union is no longer required to include a provision describing the credit union’s method for receipting money paid on accounts or a provision describing the conditions on which accounts may be paid in, transferred and withdrawn. Thus, this bill allows a credit union to alter its method of operation with regard to these subjects without amending the credit union bylaws.

Other changes

Current law specifically requires any officer or employe of a credit union who sells credit life insurance or credit accident or sickness insurance on behalf of the credit union to pay to the credit union all commissions received from the sale. This bill clarifies that an officer or employe of a credit union must pay to the credit union all commissions received from the sale of any authorized insurance product sold on behalf of the credit union.

In addition, currently it is a Class A misdemeanor if a person, with intent to defame, communicates a defamatory matter to a third person without the consent of the person defamed. This bill creates a similar crime specific to credit unions. Under this bill, any person who knowingly publishes false reports or makes false statements about a credit union may be fined not less than \$1,000 nor more than \$5,000, imprisoned for not less than one year nor more than 15 years, or both.

Under current law, credit unions are subject to the provisions of chs. 93 to 100 (agriculture, trade and consumer protection statutes) that apply to businesses generally. Banks, savings banks and savings and loan associations are specifically exempted from the definition of “business” that applies in the agriculture, trade and consumer protection statutes. This bill specifically exempts credit unions from this definition, as well.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 93.01 (1m) of the statutes is amended to read:

2 93.01 **(1m)** “Business” includes any business, except that of banks, savings
3 banks, credit unions, savings and loan associations and insurance companies.
4 “Business” includes public utilities and telecommunications carriers to the extent
5 that their activities, beyond registration, notice and reporting activities, are not
6 regulated by the public service commission and includes public utility and
7 telecommunications carrier methods of competition or trade and advertising
8 practices that are exempt from regulation by the public service commission under s.
9 196.195, 196.196, 196.202, 196.203, 196.219 or 196.499 or by other action of the
10 commission.

11 **SECTION 2.** 186.01 (2) of the statutes is amended to read:

12 186.01 **(2)** “Credit union” means a cooperative, nonprofit corporation,
13 incorporated under this chapter ~~to encourage thrift among its members, create a~~
14 ~~source of credit at a fair and reasonable cost and provide an opportunity for its~~
15 ~~members to improve their economic and social conditions, except as specifically~~
16 ~~provided under ss. 186.41 (1) and 186.45 (1).~~

17 **SECTION 3.** 186.01 (8) of the statutes is repealed.

18 **SECTION 4.** 186.02 (2) (a) 1. of the statutes is amended to read:

19 186.02 **(2)** (a) 1. The conditions ~~of residence or occupation~~ which qualify persons
20 determine eligibility for membership.

21 **SECTION 5.** 186.02 (2) (a) 3. and 4. of the statutes are repealed.

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1 **SECTION 6.** 186.02 (2) (b) 2. of the statutes is amended to read:

2 186.02 **(2)** (b) 2. ~~Residents within a well-defined neighborhood, community or~~
3 Individuals that reside or are employed in neighborhoods, communities, rural
4 district districts or multicounty regions, unless the office of credit unions determines
5 that it is impractical for a particular credit union to serve the area in which the
6 individuals reside or are employed.

7 **SECTION 7.** 186.02 (2) (b) 3. of the statutes is amended to read:

8 186.02 **(2)** (b) 3. ~~Employees of related or vicinal industries or employees of~~
9 industries that operate at least one facility within a neighborhood or urban,
10 suburban or rural community the limits of which are not determined by any
11 arbitrary physical standard.

12 **SECTION 8.** 186.02 (2) (c) of the statutes is amended to read:

13 186.02 **(2)** (c) Members of the immediate family of all qualified persons are
14 eligible for membership. ~~In this paragraph, “members of the immediate family”~~
15 ~~include the wife, husband, parents, stepchildren and children of a member whether~~
16 ~~living together in the same household or not and any other relatives of the member~~
17 ~~or spouse of a member living together in the same household as the member.~~

18 **SECTION 9.** 186.02 (2) (d) of the statutes is renumbered 186.02 (2) (d) 1. and
19 amended to read:

20 186.02 **(2)** (d) 1. ~~Organizations and associations~~ An organization or association
21 of individuals, the majority of whom the directors, owners or members of which are
22 eligible for membership, may be admitted to membership in the same manner and
23 under the same conditions as individuals.

24 **SECTION 10.** 186.02 (2) (d) 2. of the statutes is created to read:

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1 186.02 (2) (d) 2. An organization or association that has a business location
2 within any geographic limits of the credit union's field of membership or an
3 organization or association that, in the ordinary course of business, provides goods
4 and services to credit unions, credit union organizations or persons who are eligible
5 for membership in the credit union may be admitted to membership.

6 **SECTION 11.** 186.08 (1m) (h) of the statutes is created to read:

7 186.08 (1m) (h) Establishing a policy determining which individuals qualify
8 as members of the immediate family of a qualified person for the purpose of
9 determining eligibility for membership in the credit union under s. 186.02 (2) (c).

10 **SECTION 12.** 186.11 (4) (title) and (a) of the statutes are amended to read:

11 186.11 (4) (title) INVESTMENT IN CREDIT UNION SERVICE CORPORATIONS
12 ORGANIZATIONS. (a) A Unless the office of credit unions approves a higher percentage,
13 a credit union may invest not more than 1.5% of its total assets in the capital shares
14 or obligations of a credit union service corporation organizations that satisfy all of
15 the following:

16 1. Are corporations, limited partnerships, limited liability companies or other
17 entities that are permitted under the laws of this state and that are approved by the
18 office of credit unions.

19 2. Are organized primarily to provide goods and services, in the ordinary course
20 of business, to credit unions, credit union organizations and credit union members.

21 **SECTION 13.** 186.11 (4) (b) (intro.) and 1. of the statutes are amended to read:

22 186.11 (4) (b) (intro.) A credit union service corporation organization under par.
23 (a) may provide goods and services including any of the following:

24 1. Credit union operations services, including service centers, credit and debit
25 card services, automated teller and remote terminal services, electronic transaction

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1 services, accounting systems, data processing, management training and support,
2 payment item processing, record retention and storage, locator services, research,
3 debt collection, credit analysis and loan servicing, coin and currency services and
4 marketing and advertising services.

5 **SECTION 14.** 186.11 (4) (b) 6. and 7. of the statutes are renumbered 186.11 (4)
6 (b) 9. and 10.

7 **SECTION 15.** 186.11 (4) (b) 6m., 7m. and 8. of the statutes are created to read:
8 186.11 (4) (b) 6m. Management, development, sale or lease of fixed assets and
9 sale, lease or servicing of computer hardware or software.

10 7m. Securities brokerage services.

11 8. Travel agency services.

12 **SECTION 16.** 186.11 (4) (c) of the statutes is amended to read:

13 186.11 (4) (c) A credit union service ~~corporation~~ organization may be subject
14 to audit by the office of credit unions.

15 **SECTION 17.** 186.113 (1) of the statutes is amended to read:

16 186.113 (1) BRANCH OFFICES. ~~If the need and necessity exist and with~~ With the
17 approval of the office of credit unions, establish branch offices inside ~~this state or no~~
18 ~~more than 25 miles~~ or outside of this state. Permanent records may be maintained
19 at branch offices established under this subsection. In this subsection, the term
20 “branch office” does not include a remote terminal, a limited services office or a
21 service center.

22 **SECTION 18.** 186.113 (1m) (a) (intro.) of the statutes is amended to read:

23 186.113 (1m) (a) (intro.) ~~Establish~~ Before the effective date of this paragraph
24 [revisor inserts date], establish limited services offices outside this state to serve
25 any member of the credit union if all of the following requirements are met:

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1 **SECTION 19.** 186.113 (6) (b) and (c) of the statutes are amended to read:

2 186.113 **(6)** (b) Act as trustees or custodians of member tax deferred retirement
3 funds, individual retirement accounts, medical savings accounts or other employe
4 benefit accounts or funds permitted by federal law to be deposited in a credit union.

5 (c) Act as a depository for ~~member-deferred~~ member qualified and
6 nonqualified deferred compensation funds as permitted by federal law.

7 **SECTION 20.** 186.113 (7) of the statutes is amended to read:

8 186.113 **(7)** CONDITIONAL SALES CONTRACTS. ~~Purchase~~ Notwithstanding sub.
9 (25), purchase or acquire conditional sales contracts or similar instruments executed
10 by credit union members.

11 **SECTION 21.** 186.113 (24) of the statutes is created to read:

12 186.113 **(24)** FUNERAL TRUSTS. Accept deposits made by members for the
13 purpose of funding burial agreements by trusts created pursuant to s. 445.125.

14 **SECTION 22.** 186.113 (25) of the statutes is created to read:

15 186.113 **(25)** PURCHASE OF CERTAIN ASSETS. With the prior approval of the office
16 of credit unions and subject to ss. 186.31 and 186.41, purchase any of the following
17 assets of another lender or seller:

18 (a) Loans and lines of credit.

19 (b) Liens and security interests.

20 (c) Leases.

21 (d) Conditional sales contracts.

22 (e) Investments, as permitted under s. 186.11.

23 **SECTION 23.** 186.235 (7) (a) (intro.) of the statutes is amended to read:

24 186.235 **(7)** (a) (intro.) Employes of the office of credit unions and members of
25 the review board shall keep secret all the facts and information obtained in the

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1 course of examinations, ~~except~~ or contained in any report provided by a credit union
2 other than any semiannual or quarterly financial report that is regularly filed with
3 the office of credit unions. This requirement does not apply in any of the following
4 situations:

5 **SECTION 24.** 186.235 (7) (c) of the statutes is created to read:

6 186.235 (7) (c) If any person mentioned in par. (a) discloses any information
7 about the private account or transactions of a credit union or any information
8 obtained in the course of an examination of a credit union, except as provided in pars.
9 (a) and (b), that person may be required to forfeit his or her office or position and may
10 be fined not less than \$100 nor more than \$1,000, or imprisoned for not less than 6
11 months nor more than 3 years, or both.

12 **SECTION 25.** 186.235 (7m) of the statutes is created to read:

13 186.235 (7m) RETURN OF EXAMINATION REPORTS. Examination reports possessed
14 by a credit union are confidential, remain the property of the office of credit unions
15 and shall be returned to the office of credit unions immediately upon request.

16 **SECTION 26.** 186.235 (16) (a) of the statutes is renumbered 186.235 (16).

17 **SECTION 27.** 186.235 (16) (b) of the statutes is repealed.

18 **SECTION 28.** 186.36 of the statutes is amended to read:

19 **186.36 Sale of insurance in credit unions.** Any officer or employe of a credit
20 union, when acting as an agent for the sale of insurance on behalf of the credit union,
21 shall pay all commissions received from the sale of ~~credit life insurance or credit~~
22 ~~accident and sickness~~ insurance to the credit union.

23 **SECTION 29.** 186.41 (title) of the statutes is amended to read:

24 **186.41 (title) Interstate acquisition acquisitions and merger mergers**
25 **of credit unions.**

SENATE BILL 274**SECTION 30**

1 **SECTION 30.** 186.41 (1) (a) of the statutes is renumbered 186.41 (1) (bm) and
2 amended to read:

3 186.41 (1) (bm) “~~In-state~~ Wisconsin credit union” means a credit union having
4 its principal office located in this state.

5 **SECTION 31.** 186.41 (1) (c) of the statutes is renumbered 186.41 (1) (am) and
6 amended to read:

7 186.41 (1) (am) “~~Regional Out-of-state~~ credit union” means a state or federal
8 credit union that has its the principal office of which is located in ~~one of the regional~~
9 states a state other than this state.

10 **SECTION 32.** 186.41 (1) (d) of the statutes is repealed.

11 **SECTION 33.** 186.41 (2) and (3) of the statutes are amended to read:

12 186.41 (2) ~~IN-STATE~~ WISCONSIN CREDIT UNION. (a) ~~An in-state~~ A Wisconsin
13 credit union may do any of the following:

14 1. Acquire an interest in, or some or all of the assets and liabilities of, one or
15 more ~~regional out-of-state~~ credit unions.

16 2. Merge with one or more ~~regional out-of-state~~ credit unions.

17 (b) ~~An in-state~~ A Wisconsin credit union proposing any action under par. (a)
18 shall provide the office of credit unions a copy of any original application seeking
19 approval by a federal agency or by an agency of ~~the regional~~ another state and of any
20 supplemental material or amendments filed in connection with any application.

21 **(3) REGIONAL OUT-OF-STATE** CREDIT UNIONS. Except as provided in sub. (4), a
22 ~~regional~~ an out-of-state credit union may do any of the following:

23 (a) Acquire an interest in, or some or all of the assets of, one or more ~~in-state~~
24 Wisconsin credit unions.

25 (b) Merge with one or more ~~in-state~~ Wisconsin credit unions.

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1 **SECTION 34.** 186.41 (4) (intro.), (a) to (d) and (f) of the statutes are amended to
2 read:

3 186.41 (4) LIMITATIONS. (intro.) ~~A regional~~ An out-of-state credit union may
4 not take any action under sub. (3) until all of the following conditions have been met:

5 (a) The office of credit unions finds that the statutes of the ~~regional~~ state in
6 which the ~~regional~~ out-of-state credit union has its principal office permit ~~in-state~~
7 Wisconsin credit unions to both acquire ~~regional~~ out-of-state credit union assets and
8 merge with one or more ~~regional~~ out-of-state credit unions in the ~~regional~~ that state.

9 (b) The office of credit unions has not disapproved the acquisition of ~~in-state~~
10 Wisconsin credit union assets or the merger with the ~~in-state~~ Wisconsin credit union
11 under sub. (5).

12 (c) The office of credit unions gives a class 3 notice, under ch. 985, in the official
13 state newspaper, of the application to take an action under sub. (3) and of the
14 opportunity for a hearing and, if at least 25 residents of this state petition for a
15 hearing within 30 days of the final notice or if the office of credit unions on its own
16 motion calls for a hearing within 30 days of the final notice, the office of credit unions
17 holds a public hearing on the application, except that a hearing is not required if the
18 office of credit unions finds that an emergency exists and that the proposed action
19 under sub. (3) is necessary and appropriate to prevent the probable failure of an
20 ~~in-state~~ a Wisconsin credit union that is closed or in danger of closing.

21 (d) The office of credit unions is provided a copy of any original application
22 seeking approval by a federal agency of the acquisition of ~~in-state~~ Wisconsin credit
23 union assets or of the merger with an ~~in-state~~ a Wisconsin credit union and of any
24 supplemental material or amendments filed with the application.

SENATE BILL 274**SECTION 34**

1 (f) With regard to an acquisition of assets of ~~an in-state~~ a Wisconsin credit
2 union that is chartered on or after May 9, 1986, the ~~in-state~~ Wisconsin credit union
3 has been in existence for at least 5 years before the date of acquisition.

4 **SECTION 35.** 186.41 (5) (a), (b), (c) and (cr) of the statutes are amended to read:

5 186.41 (5) (a) Considering the financial and managerial resources and future
6 prospects of the applicant and of the ~~in-state~~ Wisconsin credit union concerned, the
7 action would be contrary to the best interests of the members of the ~~in-state~~
8 Wisconsin credit union.

9 (b) The action would be detrimental to the safety and soundness of the
10 applicant or of the ~~in-state~~ Wisconsin credit union concerned, or to a subsidiary or
11 affiliate of the applicant or of the ~~in-state~~ Wisconsin credit union.

12 (c) Because the applicant, its executive officers or directors have not
13 established a record of sound performance, efficient management, financial
14 responsibility and integrity, the action would be contrary to the best interests of the
15 creditors, members or other customers of the applicant or of the ~~in-state~~ Wisconsin
16 credit union or contrary to the best interests of the public.

17 (cr) The applicant has failed to propose to provide adequate and appropriate
18 services of the type contemplated by the community reinvestment act of 1977 in the
19 community in which the ~~in-state~~ Wisconsin credit union which the applicant
20 proposes to acquire or merge with is located.

21 **SECTION 36.** 186.41 (6) (a) of the statutes is renumbered 186.41 (6).

22 **SECTION 37.** 186.41 (6) (b) of the statutes is repealed.

23 **SECTION 38.** 186.41 (8) of the statutes is repealed.

24 **SECTION 39.** 186.45 of the statutes is created to read:

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1 **186.45 Non-Wisconsin credit union, Wisconsin offices. (1) DEFINITIONS.**

2 In this section:

3 (a) “Non-Wisconsin credit union” means a credit union organized under the
4 laws of and with its principal office located in a state other than this state.

5 (b) “Wisconsin credit union” has the meaning given in s. 186.41 (1) (bm).

6 **(2) APPROVAL.** A non-Wisconsin credit union may open an office and conduct
7 business as a credit union in this state if the office of credit unions finds that
8 Wisconsin credit unions are allowed to do business in the other state under
9 conditions similar to those contained in this section and that all of the following apply
10 to the non-Wisconsin credit union:

11 (a) It is a credit union organized under laws similar to the credit union laws of
12 this state.

13 (b) It is financially solvent based upon national board ratings.

14 (c) It has member savings insured with federal share insurance.

15 (d) It is effectively examined and supervised by the credit union authorities of
16 the state in which it is organized.

17 (e) It has received approval from the credit union authorities of the state in
18 which it is organized.

19 (f) It has a need to place an office in this state to adequately serve its members
20 in this state.

21 (g) It meets all other relevant standards or qualifications established by the
22 office of credit unions.

23 **(3) REQUIREMENTS.** A non-Wisconsin credit union shall agree to do all of the
24 following:

