

1999 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB274)

Received: 02/04/2000

Received By: **rmarchan**

Wanted: 02/07/2000

Identical to LRB:

For: **Gwendolynne Moore (608) 266-5810**

By/Representing: **shirley**

This file may be shown to any legislator: **YES**

Drafter: **rmarchan**

May Contact:

Alt. Drafters:

Subject: **Fin. Inst. - banking inst.**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Credit unions

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rmarchan 02/07/2000	chanaman 02/07/2000		_____			
/1			hhagen 02/07/2000	_____	lrb_docadmin 02/07/2000	lrb_docadmin 02/07/2000	

FE Sent For:

<END>

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/?	rmarchan	crx /	hhah	h/ch/2/3 _____ _____			
FE Sent For:		r/h					

<END>

TG Shirley

Or
Create sub among enhanced
credit union concept, include
provisions on interstate merger
licensing and out-of-state credit
unions.

special

- No/capital or reserve requirement
to be enhanced credit.

Monday 2-7 NOON

0287/1

LRBs 0255/T
RJM:cmh:hmh

RMMR
DNOTE

SENATE SUBSTITUTE AMENDMENT,
TO 1999 SENATE BILL 274

interstate operation, merger and acquisition
of credit unions;

repeal

1 AN ACT to amend 186.41 (5m); and to create 186.1155 and 186.17 (3) of the
2 statutes; relating to: membership, powers and operation of certain credit
3 unions; creation of a community reinvestment requirement applicable to
4 certain credit unions; and granting rule-making authority.

insert
1-5

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

5 SECTION 1. 186.1155 of the statutes is created to read:

6 186.1155 Enhanced credit unions. (1) DEFINITION. In this section,
7 "enhanced credit union" means a credit union that has been issued a certificate of
8 authority under sub. (2) (d).

9 (2) CERTIFICATION. (a) Application. A credit union may apply to be certified as
10 an enhanced credit union by filing a written application with the office of credit
11 unions. The written application shall contain all information required by the office
12 of credit unions and shall be on a form required by the office of credit unions.

1 (b) *Eligibility.* The office of credit unions may approve an application for
2 certification as an enhanced credit union if ~~all of the following apply~~

3 *not* The credit union filing the application achieves a rating of 3 or better in the
4 assessment under par. (c).

5 2. The credit union filing the application meets the minimum capital
6 requirements established by rule of the office of credit unions under sub. (5) (a) and
7 the minimum reserve requirements under s. 186.17 (3).

8 (c) *Assessment of applicant's community reinvestment performance.* For each
9 credit union that files an application under par. (a), the office of credit unions shall
10 assess the performance of the credit union in helping to meet the credit needs of its
11 community, consistent with safe and sound operation of the credit union. In making
12 this assessment, the office of credit unions shall consider factors that are
13 substantially the same as the factors under sub. (4) (c) and may require the credit
14 union to file any information that may assist the office of credit unions in making the
15 assessment. Using the same 1 to 5 rating system established under sub. (4) (d) 1.,
16 the office of credit unions shall rate the credit union's performance in helping to meet
17 the credit needs of its community.

*achieves a rating of 3 or better in
the assessment under par. (c)*

18 (d) *Approval.* If an applicant ~~meets all of the eligibility requirements under par.~~
19 ~~(b)~~ the office of credit unions shall issue to the applicant a certificate of authority
20 stating that the credit union is certified as an enhanced credit union. The office of
21 credit unions may issue an amended charter to the applicant in order to reflect any
22 necessary changes to the charter resulting from the approval of the application.

23 (e) *Limitation of authority and decertification.* If an enhanced credit union ~~fails~~
24 ~~to maintain the minimum capital requirements established by rule of the office of~~
25 ~~credit unions under sub. (5) (a) or the minimum reserve requirements under s.~~

1 ~~186.17(3)~~ ^{annual} fails to maintain a rating of 3 or better in the assessment performed by
2 the office of credit unions under sub. (4) (c), the office of credit unions may limit the
3 enhanced credit union's exercise of powers under sub. (3) and may terminate the
4 enhanced credit union's certificate of authority issued under par. (d). An enhanced
5 credit union may voluntarily terminate its certificate of authority issued under par.
6 (d), under any voluntary termination procedure established by rule of the office of
7 credit unions.

8 (3) POWERS, DUTIES AND PROHIBITIONS. All of the following apply to an enhanced
9 credit union:

10 (a) *Purpose.* Notwithstanding s. 186.01 (2), an enhanced credit union need not
11 be incorporated for the purpose of encouraging thrift among its members, creating
12 a source of credit at a fair and reasonable cost and providing an opportunity for its
13 members to improve their economic and social conditions.

14 (b) *By-laws.* The by-laws of an enhanced credit union shall establish a policy
15 determining which individuals qualify as members of the immediate family of an
16 individual who is qualified to be admitted to membership and, notwithstanding s.
17 186.02 (2) (a) 1., the by-laws of an enhanced credit union shall specify the conditions
18 that determine eligibility for membership in the enhanced credit union.

19 (c) *Membership of individuals.* Notwithstanding s. 186.02 (2) (b), membership
20 in an enhanced credit union may be open to any of the following: ^{within a well-defined}

21 1. Individuals that reside or are employed ^{community} ~~in~~ neighborhoods, communities,
22 rural districts or multicounty regions, unless the office of credit unions determines
23 that it is impractical for a particular enhanced credit union to serve the area in which
24 the individuals reside or are employed.

1 2. Employees of related industries or employees of industries that operate at least
2 one facility within a ^{well-defined} neighborhood or urban, suburban or rural community, the limits
3 of which are not determined by any arbitrary physical standard.

4 (d) *Membership of organizations.* Notwithstanding s. 186.02 (2) (d), an
5 organization or association of individuals, the majority of the directors, owners or
6 members of which are eligible for membership, may be admitted to membership in
7 an enhanced credit union in the same manner and under the same conditions as
8 individuals. Notwithstanding s. 186.02 (2) (d), an organization or association that
9 has a business location within any geographic limits of an enhanced credit union's
10 field of membership or an organization or association that, in the ordinary course of
11 business, provides goods and services to credit unions, credit union organizations or
12 persons who are eligible for membership in the enhanced credit union may be
13 admitted to membership.

14 (e) *Membership of family members.* As determined under an enhanced credit
15 union's by-laws and notwithstanding s. 186.02 (2) (c), members of the immediate
16 family of an individual who is qualified to be admitted to membership in the
17 enhanced credit union may be admitted to membership.

18 (f) *Investment in credit union service organizations.* Unless the office of credit
19 unions approves a higher percentage, an enhanced credit union may invest not more
20 than 1.5% of its total assets in the capital shares or obligations of credit union service
21 organizations that are organized to provide goods and services, in the ordinary
22 course of business, to credit unions, credit union organizations and credit union
23 members and that are corporations, limited partnerships, limited liability
24 companies or other entities permitted under the laws of this state and approved by
25 the office of credit unions. A credit union service organization under this paragraph

1 may be subject to audit by the office of credit unions. A credit union service
2 organization under this paragraph may provide ^{in addition to} all of the goods and services that a
3 credit union service corporation may provide under s. 186.11 (4) (b) ~~in addition to~~ any
4 of the following:

5 1. Electronic transaction services.

6 2. Management, development, sale or lease of fixed assets and sale, lease or
7 servicing of computer hardware or software.

8 3. Securities brokerage services.

9 4. Travel agency services.

10 (g) *Branch offices*. Notwithstanding s. 186.113 (1) ~~with~~ with the approval
11 of the office of credit unions, an enhanced credit union may establish branch offices
12 inside or outside of this state. Permanent records may be maintained at branch
13 offices established under this paragraph. In this paragraph, “branch office” does not
14 include a remote terminal, a limited services office or a service center.

15 (h) *Limited services offices*. An enhanced credit union may not establish a
16 limited services office under s. 186.113 (1m), except that this paragraph does not
17 apply to a limited services office that is established before the effective date of this
18 paragraph [revisor inserts date].

19 (4) COMMUNITY REINVESTMENT. (a) *Required information*. An enhanced credit
20 union shall prepare a community credit needs statement for filing with the office of
21 credit unions under par. (b) and shall post a community credit needs notice indicating
22 the enhanced credit union’s numerical rating under par. (d) 1.

23 (b) *Filing*. No later than March 1 of each year, an enhanced credit union shall
24 file with the office of credit unions a community credit needs statement. In addition
25 to the community credit needs statement, the office of credit unions may require an

INSECT
5-18

1 enhanced credit union to file additional information in making an assessment of the
2 enhanced credit union under par. (c) and in considering an application of the
3 enhanced credit union that is listed under par. (e).

4 (c) *Annual assessment.* The office of credit unions shall assess annually an
5 enhanced credit union's performance in helping to meet the credit needs of its
6 community, consistent with safe and sound operation of the enhanced credit union.
7 In making an assessment under this paragraph, the office of credit unions shall
8 consider the enhanced credit union's community credit needs statement and all of
9 the following:

10 1. Activities conducted by the enhanced credit union to determine the credit
11 needs of its community.

12 2. The enhanced credit union's marketing efforts to make community members
13 aware of the credit services offered by the enhanced credit union.

14 3. Participation by the board of directors of the enhanced credit union in
15 formulating the enhanced credit union's policies and reviewing the enhanced credit
16 union's performance in helping to meet the credit needs of its community.

17 4. Practices that the enhanced credit union, or an officer, employe or director
18 of the enhanced credit union, engages in that are intended to discourage, or have the
19 effect of discouraging, applications for the types of credit identified in any plan
20 prepared by the enhanced credit union that specifies the enhanced credit union's
21 goals for helping to meet the credit needs of its community.

22 5. The geographic distribution of the enhanced credit union's credit
23 applications, extensions and denials.

24 6. Evidence of prohibited discriminatory or other illegal credit practices.

1 7. The enhanced credit union's record of opening and closing branch offices and
2 of providing services at branch offices.

3 8. The enhanced credit union's participation in, and investments in,
4 community development and redevelopment projects and programs.

5 9. The enhanced credit union's origination, to members of its community, of
6 residential mortgage loans, housing rehabilitation or improvement loans and small
7 farm loans, and the enhanced credit union's purchase of these types of loans made
8 by others to members of its community.

9 10. The enhanced credit union's participation in government-insured,
10 guaranteed or subsidized loan programs for housing, small businesses or small
11 farms.

12 11. The enhanced credit union's ability to meet ~~community~~ ^{the} credit needs based ^{of its community}
13 on the enhanced credit union's size and financial condition, local economic conditions
14 or other factors.

15 12. The geographic distribution and use of remote terminals under s. 186.113
16 (15) that are operated by the enhanced credit union.

17 13. The enhanced credit union's participation in credit counseling services in
18 its community.

19 14. Any other factor that affects an enhanced credit union's performance in
20 helping to meet the credit needs of its community.

21 (d) *Assessment report; confidentiality.* 1. The office of credit unions shall
22 prepare a written report summarizing the results of each assessment under par. (c).
23 The office of credit unions shall provide the enhanced credit union that is the subject
24 of the report with a copy of the report and, except as provided in subd. 2., shall make
25 the report available for public inspection. The report shall include a numerical

1 rating of the enhanced credit union's performance in helping to meet the credit needs
2 of its community. The numerical rating shall use a 1 to 5 rating system, with one
3 representing excellent performance and 5 representing unsatisfactory performance.

4 2. The office of credit unions may not make available for public inspection
5 under subd. 1. any statements obtained or made by the office of credit unions in the
6 course of the assessment that, in the discretion of the office of credit unions, are too
7 sensitive or speculative in nature to disclose to the public, or any personal financial
8 information.

9 (e) *Use of assessment upon consideration of certain applications.* The office of
10 credit unions shall consider the assessment of an enhanced credit union under par.

11 (c) whenever the office of credit unions considers any of the following applications
12 from the enhanced credit union:

13 1. An application to invest under s. 186.11 (1) (e).

14 2. An application to establish a branch office under sub. (3) (g).

15 3. An application to operate a remote terminal in a mobile facility under s.
16 186.113 (15) (a).

17 4. An application to merge with a credit union under s. 186.31.

18 5. An application to acquire or merge with ~~a regional~~ credit union under s.
19 186.41 (2) (a).

20 (f) *Assessment as basis for denial of application.* The office of credit unions may
21 use the assessment of an enhanced credit union under par. (c) as a basis for denying
22 an application of the enhanced credit union that is listed under par. (e).

23 (g) *Hearing.* The office of credit unions may hold a public hearing on an
24 application of an enhanced credit union that is listed under par. (e) if the office of

1 credit unions receives an objection to the application that is based ^{on} any of the
2 factors used in making the assessment under par. (c).

3 (5) ADMINISTRATION. The office of credit unions, with the approval of the credit
4 union review board, shall promulgate rules for the efficient administration of this
5 section. The rules shall include all of the following:

6 (a) Minimum capital requirements applicable to enhanced credit unions that
7 are the same as the capital requirements that are applicable to banks under s.
8 221.0205.

9 ^{DO} ~~DO~~ The form and content of a community credit needs statement and the form
10 and content of, and acceptable manner of posting, a community credit needs notice
11 under sub. (4) (a).

12 SECTION 2. 186.17 (3) of the statutes is created to read:
13 186.17 (3) RESERVES OF ENHANCED CREDIT UNIONS. The office of credit unions
14 shall establish the amount of reserves that are applicable to enhanced credit unions
15 under s. 186.1155. The reserve requirements established under this subsection shall
16 be the same as the reserve requirements that are applicable to banks under s.
17 221.02055.

18 SECTION 3. 186.41 (5m) of the statutes is amended to read:

19 186.41 (5m) BRANCHING NOT LIMITED. This section does not limit branching
20 authority under s. ss. 186.113 (1) and (1m) and 186.1155 (3) (g).

21 SECTION 4. Nonstatutory provisions.

22 (1) EMERGENCY RULES. Using the procedure under section 227.24 of the statutes,
23 the office of credit unions shall promulgate rules required under section 186.1155 (5)
24 of the statutes, as created by this act, for the period before permanent rules become
25 effective, but not to exceed the period authorized under section 227.24 (1) (c) and (2)

186.17-3

186.41-5m

1 of the statutes. Notwithstanding section 227.24 (1) (a) and (2) (b) of the statutes, the
2 office of credit unions need not provide evidence of the necessity of preservation of
3 the public peace, health, safety or welfare in promulgating rules under this
4 subsection.

5 (END)

INSERT 1-5

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

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

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

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

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

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

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

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

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

- (a) Loans and lines of credit.
- (b) Liens and security interests.
- (c) Leases
- (d) Conditional sales contracts.
- (e) Investments, as permitted under s. 186.11.

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

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

END OF INSERT

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

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RJM:.....

INSERT 5-18

(i) *Trust services and related deposits.* Notwithstanding s. 186.113 (6) (b) and (c), an enhanced credit union may do any of the following:

1. Act as a trustee or custodian of member tax deferred retirement funds, individual retirement accounts, medical savings accounts or other employe benefit accounts or funds permitted by federal law to be deposited in a credit union.

2. Act as a depository for member qualified and nonqualified deferred compensation funds as permitted by federal law.

(j) *Conditional sales contracts.* Notwithstanding par. (k), an enhanced credit union may purchase or acquire conditional sales contracts or similar instruments executed by credit union members.

(k) *Purchase of certain assets.* With the prior approval of the office of credit unions, and subject to ss. 186.31 and 186.41, an enhanced credit union may purchase any of the following assets of another lender or seller:

1. Loans and lines of credit.
2. Liens and security interests.
3. Leases.
4. Conditional sales contracts.
5. Investments, as permitted under s. 186.11 (1) to (3).

(END OF INSERT)

INSERT 9-17

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

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

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

- (a) Loans and lines of credit.
- (b) Liens and security interests.
- (c) Leases.
- (d) Conditional sales contracts.
- (e) Investments, as permitted under s. 186.11.

SECTION ~~19~~ 186.235 (7) (a) (intro.) of the statutes is amended to read:

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

Except as provided in s. 186.1155 (4)(d) 1,
employees

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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 ~~186.235~~ 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) and s. 186.155 (4) (d) 2.
 10 ~~that person may be required to forfeit his or her office or position and may~~
 11 ~~be fined not less than \$100 nor more than \$1,000, or imprisoned for not less than 6~~
 12 ~~months nor more than 2 years, or both.~~

13 SECTION ~~186.235~~ 186.235 (7m) of the statutes is created to read:

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

17 SECTION ~~186.235~~ 186.235 (16) (a) of the statutes is renumbered 186.235 (16).

18 SECTION ~~186.235~~ 186.235 (16) (b) of the statutes is repealed.

19 SECTION ~~186.36~~ 186.36 of the statutes is amended to read:

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

24 SECTION ~~186.41~~ 186.41 (title) of the statutes is amended to read:

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

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1 SECTION ~~20~~. 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 ~~21~~. 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 ~~22~~. 186.41 (1) (d) of the statutes is repealed.

11 SECTION ~~23~~. 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 ~~186.41~~ 186.41 (4) (intro.), (a) to (d) and (f) of the statutes are amended to
2 read:

3 186.41 (4) LIMITATIONS. (intro.) ^{plain space} ~~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.

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1 (f) With regard to an acquisition of assets of an in-state 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 36.~~ 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:

(end ins)

¹⁴
INSERT 9-20

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 ~~35~~ 186.41 (6) (a) of the statutes is renumbered 186.41 (6).

22 SECTION ~~35~~ 186.41 (6) (b) of the statutes is repealed.

23 SECTION ~~35~~ 186.41 (8) of the statutes is repealed.

24 SECTION ~~35~~ 186.45 of the statutes is created to read:

SENATE BILL 274

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: meets all of the following conditions

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:

SENATE BILL 274

1 (a) Grant loans at rates not in excess of the rates permitted for Wisconsin credit
2 unions.

3 (b) Comply with this state's laws.

4 (c) Designate and maintain an agent for the service of process in this state.

5 (4) RECORDS. As a condition of a non-Wisconsin credit union doing business in
6 this state under this section, the office of credit unions may require copies of
7 examination reports and related correspondence regarding the non-Wisconsin
8 credit union.

9 SECTION 40. 186.80 of the statutes is created to read:

10 **186.80 False statements.** A person who knowingly publishes false reports or
11 makes false statements about a credit union may be fined not less than \$1,000 nor
12 more than \$5,000 or imprisoned for not less than one year nor more than 15 years
13 or both.

14 (END)
(END MS)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBs0287/1dn

RJM:.....

cm lt

Senator Moore:

1. The attached amendment permits a credit union to become certified as an enhanced credit union, in which case the credit union may expand its charter in a more limited manner than is permitted under SB-274 and may exercise expanded powers that are similar to those under SB-274. Under this amendment, the only eligibility requirement that a credit union must achieve and maintain in order to be certified as an enhanced credit union is a community reinvestment rating of 3 or better on a scale of 1 to 5. An enhanced credit union is subject to an annual community reinvestment assessment and the assessment results may be used as a basis for denying the exercise of certain powers outlined in the amendment.

2. The amendment retains the provisions from SB-274 relating to interstate mergers and acquisition of credit unions and the operation of out-of-state credit unions in this state. In addition, the amendment retains the clarification that a credit union may accept deposits under a funeral trust.

3. Per the instructions of your staff, the treatment of s. 186.235 (7) (a) (intro.) and (c), stats., (disclosure of information by employees of the office of credit unions and members of the credit union review board and penalty for improper disclosure) is different under the amendment than the treatment under SB-274.

4. The amendment does not include the provisions from SB-274 that amend s. 93.01 (1m), stats., to exclude credit unions from the agriculture, trade and consumer protection statutes and that create s. 186.80, making it a crime to knowingly publish false reports or make false statements about a credit union.

Robert J. Marchant
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**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBs0287/1dn

RJM:cmh:hmh

February 7, 2000

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