

**1999 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-AB133)**

Received: **07/8/99**

Received By: **rmarchan**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Russell**

This file may be shown to any legislator: **NO**

Drafter: **rmarchan**

May Contact:

Alt. Drafters:

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

Extra Copies:

**Pre Topic:**

LFB:.....Russell -

**Topic:**

Name change for division of savings and loan

**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 07/9/99	chanaman 07/9/99		_____			
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FE Sent For:

<END>

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1?	rmarchan	cmh 7/9 1	MRC 7/12	MRC/JF 7/12			

FE Sent For:

<END>

All letters w/ Universal Banking draft  
A 6/16/71  
R 6/16/72  
R 6/16/73

1. NAME CHANGE FOR DIVISION OF SAVINGS AND LOAN

**Assembly:** Restore the Governor's proposal to change the name of the Division of Savings and Loan in the Department of Financial Institutions (DFI) to the Division of Savings Institutions. Provide that any action taken by the Division of Savings and Loan between July 1, 1996, and the bill's general effective date under the name of the Division of Savings Institutions would have the same force and effect in all respects as if the action had been taken under the name of the Division of Savings and Loan.

**Senate:** No change to Joint Finance.

2. INSURANCE PREMIUM FINANCE COMPANY LICENSES

**Assembly:** Restore the Governor's proposal to provide the Division of Banking in the Department of Financial Institutions, rather than the Commissioner of Insurance, with the authority to revoke or suspend the license of an insurance premium finance company under the conditions specified in the statutes.

Currently, the Division of Banking is responsible for issuing licenses for insurance finance premium companies and for enforcing all state regulations relating to insurance premium finance companies, except that the Commissioner of Insurance is authorized to revoke or suspend the license of such a company. This provision would make the Division responsible for revoking or suspending the license of an insurance premium finance company, under the conditions specified in the statutes, thereby maintaining consistency in the authority of the Division with respect to regulation of such companies.

**Senate:** No change to Joint Finance.

3. INTEREST RATE ON HOME MORTGAGE ESCROW ACCOUNTS

**Assembly:** Restore the Governor's proposal to clarify that the Division of Banking (DOB) must report information to the Division of Savings and Loan [whose name would change to the Division of Savings Institutions (DSI) under the amendment] to be used in calculating the interest rate that must be paid on residential mortgage escrow accounts. Under current law, DSI calculates the interest rate for escrow accounts based on information regarding interest rates paid on passbook accounts provided by the Office of Credit Unions (OCU) and the Division of Banking. However, the current statutes do not specifically require DOB to provide this information to DSI.

**Senate:** No change to Joint Finance.



State of Wisconsin  
1999 - 2000 LEGISLATURE

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RJM:.....

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Legislative Fiscal Bureau:.....Rus Name change for division of savings and loan

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

NOTE

INSERT 1-1

1

At the locations indicated, amend the substitute amendment as follows:

2

(END)



ARC:.....Dake - AM # 62, Universal banking

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

INSERT 1-1

1 ~~At the locations indicated, amend the substitute amendment as follows.~~

2 1. Page 24, line 9: after that line insert:

3 "SECTION 30a. 15.183 (2) of the statutes is amended to read:

4 15.183 (2) DIVISION OF SAVINGS AND LOAN INSTITUTIONS. There is created a  
5 division of savings and loan institutions. Prior to July 1, 2000, the division is  
6 attached to the department of financial institutions under s. 15.03. After June 30,  
7 2000, the division is created in the department of financial institutions. The  
8 administrator of the division shall be appointed outside the classified service by the  
9 secretary of financial institutions and shall serve at the pleasure of the secretary."

10 2. Page 292, line 10: delete "and loan" and substitute "and loan institutions".

1           **3.** Page 292, line 11: delete “and loan” and substitute “and loan institutions”.

2           **4.** Page 414, line 21: after that line insert:

3           “**SECTION 645a.** 20.912 (4) of the statutes is amended to read:

4           20.912 (4)   INSOLVENT DEPOSITORIES.   When the bank, savings and loan  
5           association, savings bank or credit union on which any check, share draft or other  
6           draft is drawn by the state treasurer before payment of such check, share draft or  
7           other draft becomes insolvent or is taken over by the division of banking, division of  
8           savings and loan institutions, the federal home loan bank board, the U.S. office of  
9           thrift supervision, the federal deposit insurance corporation, the resolution trust  
10          corporation, the office of credit unions, the administrator of federal credit unions or  
11          the U.S. comptroller of the currency, the state treasurer shall on the demand of the  
12          person in whose favor such check, share draft or other draft was drawn and upon the  
13          return to the treasurer of such check, share draft or other draft issue a replacement  
14          for the same amount.”.

15          **5.** Page 502, line 14: after that line insert:

16          “**SECTION 884a.** 34.01 (2) (a) of the statutes is amended to read:

17          34.01 (2) (a)   Any loss of public moneys, which have been deposited in a  
18          designated public depository in accordance with this chapter, resulting from the  
19          failure of any public depository to repay to any public depositor the full amount of  
20          its deposit because the office of credit unions, administrator of federal credit unions,  
21          U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift  
22          supervision, federal deposit insurance corporation, resolution trust corporation,  
23          division of banking or division of savings and loan institutions has taken possession  
24          of the public depository or because the public depository has, with the consent and

1 approval of the office of credit unions, administrator of federal credit unions, U.S.  
2 office of thrift supervision, federal deposit insurance corporation, resolution trust  
3 corporation, division of banking or division of savings ~~and loan~~ institutions, adopted  
4 a stabilization and readjustment plan or has sold a part or all of its assets to another  
5 credit union, bank, savings bank or savings and loan association which has agreed  
6 to pay a part or all of the deposit liability on a deferred payment basis or because the  
7 depository is prevented from paying out old deposits because of rules of the office of  
8 credit unions, administrator of federal credit unions, U.S. comptroller of the  
9 currency, federal home loan bank board, U.S. office of thrift supervision, federal  
10 deposit insurance corporation, resolution trust corporation, division of banking or  
11 division of savings ~~and loan~~ institutions.

12 **SECTION 885a.** 34.10 of the statutes is amended to read:

13 **34.10 Reorganization and stabilization of financial institutions.**

14 Whenever the office of credit unions, administrator of federal credit unions, U.S.  
15 comptroller of the currency, federal home loan bank board, U.S. office of thrift  
16 supervision, federal deposit insurance corporation, resolution trust corporation,  
17 division of banking or division of savings ~~and loan~~ institutions has taken charge of  
18 a credit union, bank, savings bank or savings and loan association with a view of  
19 restoring its solvency, pursuant to law, or with a view of stabilizing and readjusting  
20 the structure of any national or state credit union, bank, savings bank or savings and  
21 loan association located in this state, and has approved a reorganization plan or a  
22 stabilization and readjustment agreement entered into between the credit union,  
23 bank, savings bank or savings and loan association and depositors and unsecured  
24 creditors, or when a credit union, bank, savings bank or savings and loan association,  
25 with the approval of the office of credit unions, administrator of federal credit unions,

1 U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift  
2 supervision, federal deposit insurance corporation, resolution trust corporation,  
3 division of banking or division of savings and loan institutions proposes to sell its  
4 assets to another credit union, bank, savings bank or savings and loan association  
5 which agrees to assume a part or all of the deposit liability of such selling credit  
6 union, bank, savings bank or savings and loan association and to pay the same on  
7 a deferred payment basis, the governing board of the public depositor may, on the  
8 approval of the division of banking, join in the execution of any reorganization plan,  
9 or any stabilization and readjustment agreement, or any depositor's agreement  
10 relative to a proposed sale of assets if, in its judgment and that of the division of  
11 banking, the reorganization plan or stabilization and readjustment agreement or  
12 proposed sale of assets is in the best interest of all persons concerned. The joining  
13 in any reorganization plan, or any stabilization and readjustment agreement, or any  
14 proposed sale of assets which meets the approval of the division of banking does not  
15 waive any rights under this chapter.”

16 **6.** Page 1139, line 11: after that line insert:

17 “SECTION 2166a. 138.052 (5) (am) 2. a. of the statutes is amended to read:

18 138.052 (5) (am) 2. a. On January 1, 1994, and annually thereafter, the division  
19 of banking for banks, the division of savings and loan institutions for savings and  
20 loan associations and savings banks and the office of credit unions for credit unions  
21 shall determine the interest rate that is the average of the interest rates paid,  
22 rounded to the nearest one-hundredth of a percent, on regular passbook deposit  
23 accounts by institutions under the division's or office's jurisdiction at the close of the

1 last quarterly reporting period that ended at least 30 days before the determination  
2 is made.

3 **SECTION 2167a.** 138.052 (5) (am) 2. b. of the statutes is amended to read:

4 138.052 (5) (am) 2. b. The office of credit unions ~~and the division of banking~~  
5 shall report the rate calculated to the division of savings and loan institutions within  
6 5 days after the date on which the determination is made. The division of savings  
7 and loan institutions shall calculate the average, rounded to the nearest  
8 one-hundredth of a percent, of the 3 rates and report that interest rate to the revisor  
9 of statutes within 5 days after the date on which the determination is made

10 **SECTION 2168a.** 138.055 (4) (a) of the statutes is amended to read:

11 138.055 (4) (a) The division of savings and loan institutions, if the lender is a  
12 savings and loan association or savings bank;

13 **SECTION 2169a.** 138.056 (1) (a) 4. a. of the statutes is amended to read:

14 138.056 (1) (a) 4. a. The division of savings and loan institutions, if the lender  
15 is a savings and loan association or savings bank;”.

16 **7.** Page 1139, line 23: after that line insert:

17 **“SECTION 2170a.** 138.12 (5) (a) of the statutes is amended to read:

18 138.12 (5) (a) The ~~commissioner~~ division may revoke or suspend the license of  
19 any insurance premium finance company if the ~~commissioner~~ division finds that any  
20 of the following:

- 21 1. Any license issued to such company was obtained by fraud<sub>7</sub>.
- 22 2. There was any misrepresentation in the application for the license<sub>7</sub>.
- 23 3. The holder of such license has otherwise shown himself or herself  
24 untrustworthy or incompetent to act as a premium finance company<sub>7</sub>.

- 1           4. ~~Such~~ The company has violated any provision of this section, or  
2           5. ~~Such~~ The company has been rebating part of the service charge as allowed  
3 and permitted herein to any insurance agent or insurance broker or any employe of  
4 an insurance agent or insurance broker or to any other person as an inducement to  
5 the financing of any insurance policy with the premium finance company.”

6           7           8. Page 1179, line 19: after that line insert:

7           “SECTION 2308r. 186.098 (12) of the statutes is amended to read:

8           186.098 (12) LOANS TO MEMBERS. A credit union may make loans to members  
9 secured by assignment or transfer of stock certificates or other evidence of the  
10 borrower’s ownership interest in a corporation formed for the cooperative ownership  
11 of real estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a  
12 mortgage involving a one-family residence, apply to a proceeding to enforce the  
13 lender’s rights in security given for a loan under this subsection. The office of credit  
14 unions shall promulgate joint rules with the ~~divisions of savings and loan~~ division  
15 of savings institutions and the division of banking that establish procedures for  
16 enforcing a lender’s rights in security given for a loan under this subsection.”

17           8           9. Page 1186, line 9: after that line insert:

18           “SECTION 2337a. 214.01 (1) (im) of the statutes is amended to read:

19           214.01 (1) (im) “Division” means the division of savings ~~and loan~~ institutions.

20           SECTION 2338a. 214.592 of the statutes is amended to read:

21           **214.592 Financially related services tie-ins.** In any transaction conducted  
22 by a savings bank, a savings bank holding company or a subsidiary of either with a  
23 customer who is also a customer of any other subsidiary of any of them, the customer  
24 shall be given a notice in 12-point boldface type in substantially the following form:

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## NOTICE OF RELATIONSHIP

This company, .... (insert name and address of savings bank, savings bank holding company or subsidiary), is related to .... (insert name and address of savings bank, savings bank holding company or subsidiary) of which you are also a customer.

You may not be compelled to buy any product or service from either of the above companies or any other related company in order to participate in this transaction.

If you feel that you have been compelled to buy any product or service from either of the above companies or any other related company in order to participate in this transaction, you should contact the management of either of the above companies at either of the above addresses or the division of savings and loan institutions at .... (insert address).

**SECTION 2339a.** 215.01 (6) of the statutes is amended to read:

215.01 (6) "Division" means the division of savings and loan institutions.

**SECTION 2340a.** 215.02 (title) of the statutes is amended to read:

**215.02 (title) Division of savings and loan institutions.**

**SECTION 2341a.** 215.141 of the statutes is amended to read:

**215.141 Financially related services tie-ins.** In any transaction conducted by an association, a savings and loan holding company or a subsidiary of either with a customer who is also a customer of any other subsidiary of any of them, the customer shall be given a notice in 12-point boldface type in substantially the following form:

## NOTICE OF RELATIONSHIP

This company, ..... (insert name and address of association, savings and loan holding company or subsidiary), is related to ..... (insert name and address of association, savings and loan holding company or subsidiary) of which you are also

1 a customer. You may not be compelled to buy any product or service from either of  
2 the above companies or any other related company in order to participate in this  
3 transaction.

4 If you feel that you have been compelled to buy any product or service from  
5 either of the above companies or any other related company in order to participate  
6 in this transaction, you should contact the management of either of the above  
7 companies at either of the above addresses or the division of savings and loan  
8 institutions at .... (insert address)."

9 10. Page 1193, line 3: after that line insert:

10 ~~"SECTION 2343a. 220.04 (9) (a) 2. of the statutes is amended to read:~~  
11 ~~220.04 (9) (a) 2. "Regulated entity" means a bank, universal bank, trust~~  
12 ~~company bank and any other entity which is described in s. 220.02 (2) or 221.0526~~  
13 ~~as under the supervision and control of the division.~~

14 "SECTION 2344a. 221.0303 (2) of the statutes is amended to read:

15 221.0303 (2) OPERATION AND ACQUISITION OF CUSTOMER BANK COMMUNICATIONS  
16 TERMINALS. A bank may, directly or indirectly, acquire, place and operate, or  
17 participate in the acquisition, placement and operation of, at locations other than its  
18 main or branch offices, customer bank communications terminals, in accordance  
19 with rules established by the division. The rules of the division shall provide that  
20 any such customer bank communications terminal shall be available for use, on a  
21 nondiscriminatory basis, by any state or national bank and by all customers  
22 designated by a bank using the terminal. This subsection does not authorize a bank  
23 which has its principal place of business outside this state to conduct banking  
24 business in this state. The customer bank communications terminals also shall be

1 available for use, on a nondiscriminatory basis, by any credit union, savings and loan  
 2 association or savings bank, if the credit union, savings and loan association or  
 3 savings bank requests to share its use, subject to rules jointly established by the  
 4 division of banking, the office of credit unions and the division of savings and loan  
 5 institutions. The division by order may authorize the installation and operation of  
 6 a customer bank communications terminal in a mobile facility, after notice and  
 7 hearing upon the proposed service stops of the mobile facility.

8 **SECTION 2345a.** 221.0321 (5) of the statutes is amended to read:

9 221.0321 (5) CERTAIN SECURED LOANS. A bank may make loans secured by  
 10 assignment or transfer of stock certificates or other evidence of the borrower's  
 11 ownership interest in a corporation formed for the cooperative ownership of real  
 12 estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a mortgage  
 13 involving a one-family residence, apply to a proceeding to enforce the lender's rights  
 14 in security given for a loan under this subsection. The division shall promulgate joint  
 15 rules with the office of credit unions and the division of savings and loan institutions  
 16 that establish procedures for enforcing a lender's rights in security given for a loan  
 17 under this subsection.

18 **SECTION 2346.** Chapter 222 of the statutes is created to read:

19 **CHAPTER 222**

20 **UNIVERSAL BANKS**

21 **SUBCHAPTER I**

22 **GENERAL PROVISIONS**

23 **222.0101 Title.** This chapter may be cited as the "Wisconsin universal bank  
 24 law".

25 **222.0102 Definitions.** In this chapter:

1 (1) "Adequately capitalized" has the meaning given in 12 USC 1831o (b) (1) (B).

2 (2) "Capital" of a universal bank means the sum of the following, less the  
3 amount of intangible assets that is not considered to be qualifying capital by a deposit  
4 insurance corporation or the division:

5 (a) For a universal bank organized as a stock organization, the universal bank's  
6 capital stock, preferred stock, undivided profits, surplus, outstanding notes and  
7 debentures approved by the division, other forms of capital designated as capital by  
8 the division and other forms of capital considered to be qualifying capital of the  
9 universal bank by a deposit insurance corporation.

10 (b) For a universal bank organized as a mutual organization, the universal  
11 bank's net worth, undivided profits, surplus, outstanding notes and debentures  
12 approved by the division, other forms of capital designated as capital by the division  
13 and other forms of capital considered to be qualifying capital by a deposit insurance  
14 corporation.

15 (3) "Deposit insurance corporation" means the Federal Deposit Insurance  
16 Corporation or other instrumentality of, or corporation chartered by, the United  
17 States that insures deposits of financial institutions and that is supported by the full  
18 faith and credit of the U.S. government as stated in a congressional resolution.

19 (4) "Division" means the division of banking.

20 (5) "Financial institution" means a state savings bank organized under ch. 214,  
21 state savings and loan association organized under ch. 215 or a state bank chartered  
22 under ch. 221.

23 (6) "Universal bank" means a financial institution that has been issued a  
24 certificate of authority under s. 222.0205.

25 (7) "Well-capitalized" has the meaning given in 12 USC 1831o (b) (1) (A).

1           **222.0103 Applicability. (1) SAVINGS BANKS.** A universal bank that is a savings  
2 bank organized under ch. 214 remains subject to all of the requirements, duties and  
3 liabilities, and may exercise all of the powers, of a savings bank, except that in the  
4 event of a conflict between this chapter and those requirements, duties, liabilities or  
5 powers, this chapter shall control.

6           **(2) SAVINGS AND LOAN ASSOCIATIONS.** A universal bank that is a savings and loan  
7 association organized under ch. 215 remains subject to all of the requirements,  
8 duties and liabilities, and may exercise all of the powers, of a savings and loan  
9 association, except that, in the event of a conflict between this chapter and those  
10 requirements, duties, liabilities or powers, this chapter shall control.

11           **(3) BANKS.** A universal bank that is a bank chartered under ch. 221 remains  
12 subject to all of the requirements, duties and liabilities, and may exercise all of the  
13 powers, of a bank, except that, in the event of a conflict between this chapter and  
14 these requirements, duties, liabilities or powers, this chapter shall control.

15           **222.0105 Fees.** The division may establish such fees as it determines are  
16 appropriate for documents filed with the division under this chapter and for services  
17 provided by the division under this chapter.

18           **222.0107 Administration. (1) POWERS OF DIVISION.** The division shall  
19 administer this chapter for all universal banks.

20           **(2) RULE-MAKING AUTHORITY.** The division may promulgate rules to administer  
21 and carry out this chapter. The division may establish additional limits or  
22 requirements on universal banks, if the division determines that the limits or  
23 requirements are necessary for the protection of depositors, members, investors or  
24 the public.

## 1 SUBCHAPTER II

## 2 CERTIFICATION

3 **222.0201 Procedure.** (1) APPLICATION. A financial institution may apply to  
4 become certified as a universal bank by filing a written application with the division.  
5 The application shall include such information as the division may require. The  
6 application shall be on such forms and in accordance with such procedures as the  
7 division may prescribe.

8 (2) REVIEW BY DIVISION. An application submitted to the division shall either  
9 be approved or disapproved by the division in writing within 60 days after its  
10 submission to the division. The division and the financial institution may mutually  
11 agree to extend the application period for an additional period of 60 days.

12 **222.0203 Eligibility.** (1) REQUIREMENTS. The division shall approve an  
13 application for certification as a universal bank, if the applying financial institution  
14 meets all of the following requirements:

15 (a) The financial institution is chartered or organized, and regulated, under ch.  
16 214, 215 or 221 and has been in existence and continuous operation for a minimum  
17 of 3 years prior to the date of the application.

18 (b) The financial institution is well-capitalized or adequately capitalized.

19 (c) The financial institution does not exhibit a combination of financial,  
20 managerial, operational and compliance weaknesses that is moderately severe or  
21 unsatisfactory, as determined by the division based upon the division's assessment  
22 of the financial institution's capital adequacy, asset quality, management capability,  
23 earnings quantity and quality, adequacy of liquidity, and sensitivity to market risk.

24 (d) During the 12-month period prior to the application, the financial  
25 institution has not been the subject of an enforcement action and there is no

1 enforcement action pending against the financial institution by any state or federal  
2 financial institution regulatory agency, including the division.

3 (2) **FAILURE TO MAINTAIN COMPLIANCE.** For any period during which a universal  
4 bank fails to meet the requirements under sub. (1), the division may by order limit  
5 or restrict the exercise of the powers of the universal bank under this chapter.

6 **222.0205 Certificate of authority.** Upon approval of the application under  
7 s. 222.0201 for certification as a universal bank, the division shall issue to the  
8 applicant a certificate of authority stating that the financial institution is certified  
9 as a universal bank under this chapter.

10 **222.0207 Decertification.** A financial institution that is certified as a  
11 universal bank under this chapter may elect to terminate its certification upon 60  
12 days' prior written notice to the division and written approval of the division. The  
13 financial institution shall, as a condition to the termination, terminate its exercise  
14 of all powers granted under this chapter prior to the termination of the certification.  
15 Written approval of the termination by the division is void if the financial institution  
16 fails to satisfy the precondition to termination under this section.

### 17 SUBCHAPTER III

### 18 ORGANIZATION

19 **222.0301 Articles of incorporation and bylaws.** A universal bank shall  
20 continue to operate under its articles of incorporation and bylaws as in effect prior  
21 to certification as a universal bank or as such articles or bylaws may be subsequently  
22 amended in accordance with the provisions of the chapter under which the universal  
23 bank was organized or chartered.

24 **222.0303 Name. (1) USE OF "BANK".** Notwithstanding ss. 214.035, 215.40 (1)  
25 and 215.60 (1) and subject to subs. (2) and (4), a universal bank may use the word

1 “bank” in its name, without having to include the word “savings”. Notwithstanding  
2 ss. 215.40 (1) and 215.60 (1) and subject to subs. (2) and (4), a universal bank that  
3 is organized under ch. 215 and that uses the word “bank” in its name in accordance  
4 with this section need not include the words “savings and loan association” or  
5 “savings association” in its name.

6 (2) **DISTINGUISHABILITY.** Except as provided in subs. (3) and (4), the name of the  
7 universal bank shall be distinguishable upon the records of the division from all of  
8 the following names:

9 (a) The name of any other financial institution organized under the laws of this  
10 state.

11 (b) The name of a national bank or foreign bank authorized to transact business  
12 in this state.

13 (3) **EXCEPTIONS.** A universal bank may apply to the division for authority to use  
14 a name that does not meet the requirement under sub. (2). The division may  
15 authorize the use of the name if any of the conditions under s. 221.0403 (2) (a) or (b)  
16 is met.

17 (4) **USE OF SAME NAME.** A universal bank may use a name that is used in this  
18 state by another financial institution or by an institution authorized to transact  
19 business in this state, if the universal bank has done any of the following:

20 (a) Merged with the other institution.

21 (b) Been formed by reorganization of the other institution.

22 (c) Acquired all or substantially all of the assets, including the name, of the  
23 other institution.



1 be exercised, directly or indirectly through a subsidiary, by a federally chartered  
2 savings bank, a federally chartered savings and loan association, a federally  
3 chartered national bank or by an affiliate of such an institution.

4 (2) REQUIRED NOTIFICATION FOR EXERCISE OF A FEDERAL POWER. A universal bank  
5 shall give 60 days' prior written notice to the division of the universal bank's  
6 intention to exercise a power under this section.

7 (3) EXERCISE OF FEDERAL POWERS THROUGH A SUBSIDIARY. The division may  
8 require that certain powers exercisable by universal banks under this section be  
9 exercised through a subsidiary of the universal bank with appropriate safeguards to  
10 limit the risk exposure of the universal bank.

11 **222.0403 Loan powers.** (1) PERMITTED PURPOSES. A universal bank may  
12 make, sell, purchase, arrange, participate in, invest in or otherwise deal in loans or  
13 extensions of credit for any purpose.

14 (2) IN GENERAL. Except as provided in subs. (3) to (8), the total liabilities of any  
15 person, other than a municipal corporation, to a universal bank for a loan or  
16 extension of credit may not exceed 20% of the capital of the universal bank at any  
17 time. In determining compliance with this section, liabilities of a partnership  
18 includes the liabilities of the general partners, computed individually as to each  
19 general partner on the basis of his or her direct liability.

20 (3) CERTAIN SECURED LIABILITIES. The percentage limitation under sub. (2) is  
21 50% of the universal bank's capital, if the liabilities under sub. (2) are limited to the  
22 following types of liabilities:

23 (a) *Warehouse receipts.* A liability secured by warehouse receipts issued by  
24 warehouse keepers who are licensed and bonded in this state under ss. 99.02 and

1 99.03 or under the federal Bonded Warehouse Act or who hold a registration  
2 certificate under ch. 127, if all of the following requirements are met:

- 3 1. The receipts cover readily marketable nonperishable staples.
- 4 2. The staples are insured, if it is customary to insure the staples.
- 5 3. The market value of the staples is not, at any time, less than 140% of the face  
6 amount of the obligation.

7 (b) *Certain bonds or notes.* A liability in the form of a note or bond that meets  
8 any of the following qualifications:

9 1. The note or bond is secured by not less than a like amount of bonds or notes  
10 of the United States issued since April 24, 1917, or certificates of indebtedness of the  
11 United States.

12 2. The note or bond is secured or covered by guarantees or by commitments or  
13 agreements to take over, or to purchase, the bonds or notes, and the guarantee,  
14 commitment or agreement is made by a federal reserve bank, the federal small  
15 business administration, the federal department of defense or the federal maritime  
16 commission.

17 3. The note or bond is secured by mortgages or trust deeds insured by the  
18 federal housing administration.

19 (4) OBLIGATIONS OF LOCAL GOVERNMENTAL UNITS. (a) *Definition.* In this  
20 subsection, "local governmental unit" has the meaning given in s. 16.97 (7).

21 (b) *General limitation.* Except as otherwise provided in this subsection, the  
22 total liabilities of a local governmental unit to a universal bank for money borrowed  
23 may not, at any time, exceed 25% of the capital of the universal bank.

24 (c) *Revenue obligations.* Liabilities in the form of revenue obligations of a local  
25 governmental unit are subject to the limitations provided in par. (b). In addition, a

1 universal bank is permitted to invest in a general obligation of that local  
2 governmental unit in an amount that will bring the combined total of the general  
3 obligations and revenue obligations of a single local governmental unit to a sum not  
4 in excess of 50% of the capital of the universal bank.

5 (d) *General obligations.* If the liabilities of the local governmental unit are in  
6 the form of bonds, notes or other evidences of indebtedness that are a general  
7 obligation of a local governmental unit, the total liability of the local governmental  
8 unit may not exceed 50% of the capital of the universal bank.

9 (e) *Temporary borrowings.* The total amount of temporary borrowings of any  
10 local governmental unit maturing within one year after the date of issue may not  
11 exceed 60% of the capital of the universal bank. Temporary borrowings and  
12 longer-term general obligation borrowings of a single local governmental unit may  
13 be considered separately in determining compliance with this subsection.

14 (5) OBLIGATIONS OF CERTAIN INTERNATIONAL ORGANIZATIONS; OTHER FOREIGN BONDS.  
15 A universal bank may purchase bonds offered for sale by the International Bank for  
16 Reconstruction and Development and the Inter-American Development Bank or  
17 such other foreign bonds as may be approved under rules established by the division.  
18 At no time shall the aggregate investment in any of these bonds issued by a single  
19 issuer exceed 10% of the capital of the universal bank.

20 (6) FOREIGN NATIONAL GOVERNMENT BONDS. A universal bank may purchase  
21 general obligation bonds issued by any foreign national government if the bonds are  
22 payable in United States funds. The aggregate investment in these foreign bonds  
23 may not exceed 3% of the capital of the universal bank, except that this limitation  
24 does not apply to bonds of the Canadian government and Canadian provinces that  
25 are payable in United States funds.

1           (7) LIMITS ESTABLISHED BY BOARD. (a) *When financial statements required.* A  
2 universal bank may not make or renew a loan or loans, the aggregate total of which  
3 exceeds the level established by the board of directors without being supported by a  
4 signed financial statement of the borrower, unless the loan is secured by collateral  
5 having a value in excess of the amount of the loan. A signed financial statement  
6 furnished by the borrower to a universal bank in compliance with this paragraph  
7 must be renewed annually as long as the loan or any renewal of the loan remains  
8 unpaid and is subject to this paragraph.

9           (b) *Treatment of loans complying with limits.* A loan or a renewal of a loan made  
10 by a universal bank in compliance with par. (a), without a signed financial statement,  
11 may be treated by the universal bank as entirely independent of any secured loan  
12 made to the same borrower if the loan does not exceed the limitations provided in this  
13 section.

14           (8) EXCEPTIONS. This section does not apply to any of the following:

15           (a) *Liabilities secured by certain short-term federal obligations.* A liability that  
16 is secured by not less than a like amount of direct obligations of the United States  
17 which will mature not more than 18 months after the date on which such liabilities  
18 to the universal bank are entered into.

19           (b) *Certain federal and state obligations or guaranteed obligations.* A liability  
20 that is a direct obligation of the United States or this state, or an obligation of any  
21 governmental agency of the United States or this state, that is fully and  
22 unconditionally guaranteed by the United States or this state.

23           (c) *Commodity Credit Corporation liabilities.* A liability in the form of a note,  
24 debenture or certificate of interest of the Commodity Credit Corporation.

1 (d) *Discounting bills of exchange or business or commercial paper.* A liability  
2 created by the discounting of bills of exchange drawn in good faith against actually  
3 existing values or the discounting of commercial or business paper actually owned  
4 by the person negotiating the same.

5 (e) *Certain other federal or federally guaranteed obligations.* In obligations of,  
6 or obligations that are fully guaranteed by, the United States and in obligations of  
7 any federal reserve bank, federal home loan bank, the Student Loan Marketing  
8 Association, the Government National Mortgage Association, the Federal National  
9 Mortgage Association, the Federal Home Loan Mortgage Corporation, the  
10 Export-Import Bank of Washington or the Federal Deposit Insurance Corporation.

11 (9) ADDITIONAL AUTHORITY. (a) *In general.* In addition to the authority granted  
12 under subs. (1) to (8), and except as provided in par. (b), a universal bank may lend  
13 under this subsection, through the universal bank or subsidiary of the universal  
14 bank, to all borrowers from the universal bank and all of its subsidiaries, an  
15 aggregate amount not to exceed 20% of the universal bank's capital. Neither a  
16 universal bank nor any subsidiary of the universal bank may lend to any borrower,  
17 under this subsection and any other law or rule, an amount that would result in an  
18 aggregate amount for all loans to that borrower that exceeds 20% of the universal  
19 bank's capital. A universal bank or its subsidiary may take an equity position or  
20 other form of interest as security in a project funded through such loans. Every  
21 transaction by a universal bank or its subsidiary under this subsection shall require  
22 prior approval by the governing board of the universal bank or its subsidiary,  
23 respectively. Such loans are not subject to s. 221.0326 or to classification as losses,  
24 for a period of 3 years from the date of each loan except as provided in par. (b).

1           (b) *Suspension of additional authority.* The division may suspend authority  
2 established under this subsection and, in such case, may specify how an outstanding  
3 loan shall be treated by the universal bank or its subsidiary. Among the factors that  
4 the division may consider in suspending authority under this subsection are the  
5 universal bank's capital adequacy, asset quality, earnings quantity, earnings quality,  
6 adequacy of liquidity and sensitivity to market risk and the ability of the universal  
7 bank's management.

8           **222.0405 Investment powers.** (1) **INVESTMENT SECURITIES.** Except as  
9 provided in subs. (3) to (8), a universal bank may purchase, sell, underwrite and hold  
10 investment securities, consistent with safe and sound banking practices, up to 100%  
11 of the universal bank's capital. A universal bank shall not invest greater than 20%  
12 of the universal bank's capital in the investment securities of one obligor or issuer.  
13 In this subsection, "investment securities" includes commercial paper, banker's  
14 acceptances, marketable securities in the form of bonds, notes, debentures and  
15 similar instruments that are regarded as investment securities.

16           (2) **EQUITY SECURITIES.** Except as provided in subs. (3) to (8), a universal bank  
17 may purchase, sell, underwrite and hold equity securities, consistent with safe and  
18 sound banking practices, up to 20% of capital or, if approved by the division in  
19 writing, a greater percentage of capital.

20           (3) **HOUSING ACTIVITIES.** With the prior written consent of the division, a  
21 universal bank may invest in the initial purchase and development, or the purchase  
22 or commitment to purchase after completion, of home sites and housing for sale or  
23 rental, including projects for the reconstruction, rehabilitation or rebuilding of  
24 residential properties to meet the minimum standards of health and occupancy  
25 prescribed for a local governmental unit, the provision of accommodations for retail

1 stores, shops and other community services that are reasonably incident to that  
2 housing, or in the stock of a corporation that owns one or more of those projects and  
3 that is wholly owned by one or more financial institutions. The total investment in  
4 any one project may not exceed 15% of the universal bank's capital, nor may the  
5 aggregate investment under this subsection exceed 50% of capital. A universal bank  
6 may not make an investment under this subsection unless it is in compliance with  
7 the capital requirements set by the division under s. 222.0305 (1) and with the capital  
8 maintenance requirements of its deposit insurance corporation.

9 (4) PROFIT-PARTICIPATION PROJECTS. A universal bank may take equity positions  
10 in profit-participation projects, including projects funded through loans from the  
11 universal bank, in an aggregate amount not to exceed 20% of capital. The division  
12 may suspend the investment authority under this subsection. If the division  
13 suspends the investment authority under this subsection, the division may specify  
14 how outstanding investments under this subsection shall be treated by the universal  
15 bank or its subsidiary. Among the factors that the division may consider in  
16 suspending authority under this subsection are the universal bank's capital  
17 adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity  
18 and sensitivity to market risk and the ability of the universal bank's management.  
19 This subsection does not authorize a universal bank, directly or indirectly through  
20 a subsidiary, to engage in the business of underwriting insurance.

21 (5) DEBT INVESTMENTS. A universal bank may invest in bonds, notes, obligations  
22 and liabilities described under s. 222.0403 (3) to (7), subject to the limitations under  
23 those subsections.

24 (6) CERTAIN LIABILITIES. This section does not limit investment in the  
25 liabilities described in s. 222.0403 (8).

1           (7) CERTAIN INVESTMENTS. A universal bank may invest without limitation in  
2 any of the following:

3           (a) *Business development corporations.* Stocks or obligations of a corporation  
4 organized for business development by this state or by the United States or by an  
5 agency of this state or the United States.

6           (b) *Urban renewal investment corporations.* Obligations of an urban renewal  
7 investment corporation organized under the laws of this state or of the United States.

8           (c) *Certain bank insurance companies.* An equity interest in an insurance  
9 company or an insurance holding company organized to provide insurance for  
10 universal banks and for persons affiliated with universal banks, solely to the extent  
11 that this ownership is a prerequisite to obtaining directors' and officers' insurance  
12 or blanket bond insurance for the universal bank through the company.

13           (d) *Certain remote service unit corporations.* Shares of stock, whether  
14 purchased or otherwise acquired, in a corporation acquiring, placing and operating  
15 remote service units under s. 214.04 (21) or 215.13 (46) or bank communications  
16 terminals under s. 221.0303 (2).

17           (e) *Service corporations.* Equity or debt securities or instruments of a service  
18 corporation subsidiary of the universal bank.

19           (f) *Federal funds.* Advances of federal funds.

20           (g) *Certain risk management financial products.* With the prior written  
21 approval of the division, financial futures transactions, financial options  
22 transactions, forward commitments or other financial products for the purpose of  
23 reducing, hedging or otherwise managing its interest rate risk exposure.

24           (h) *Certain fiduciaries.* A subsidiary organized to exercise corporate fiduciary  
25 powers under ch. 112.

1 (i) *Agricultural credit corporations.* An agricultural credit corporation. Unless  
2 a universal bank owns at least 80% of the stock of the agricultural credit corporation,  
3 a universal bank may not invest more than 20% of the universal bank's capital in the  
4 agricultural credit corporation.

5 (j) *Deposit accounts and insured obligations.* Deposit accounts or insured  
6 obligations of any financial institution, the accounts of which are insured by a deposit  
7 insurance corporation.

8 (k) *Certain federal obligations.* Obligations of, or obligations that are fully  
9 guaranteed by, the United States and stocks or obligations of any federal reserve  
10 bank, federal home loan bank, the Student Loan Marketing Association, the  
11 Government National Mortgage Association, the Federal National Mortgage  
12 Association, the Federal Home Loan Mortgage Corporation or the Federal Deposit  
13 Insurance Corporation.

14 (L) *Other investments.* Any other investment authorized by the division.

15 (8) INVESTMENTS IN OTHER FINANCIAL INSTITUTIONS. In addition to the authority  
16 granted under ss. 222.0307 and 222.0409, and subject to the limitations of sub. (2),  
17 a universal bank may invest in other financial institutions.

18 (9) INVESTMENTS THROUGH SUBSIDIARIES. A universal bank may make  
19 investments under this section, directly or indirectly through a subsidiary, unless  
20 the division determines that an investment shall be made through a subsidiary with  
21 appropriate safeguards to limit the risk exposure of the universal bank.

22 **222.0407 Universal bank purchase of its own stock.** (1) IN GENERAL. A  
23 universal bank may hold or purchase not more than 10% of its capital stock, notes  
24 or debentures, except as provided in sub. (2) or (3).

1           (2) DIVISION APPROVAL. A universal bank may hold or purchase more than 10%  
2 of its capital stock, notes or debentures, if approved by the division.

3           (3) ADDITIONAL AUTHORITY. A universal bank may hold or purchase more than  
4 10% of its capital stock, notes or debentures if the purchase is necessary to prevent  
5 loss upon a debt previously contracted in good faith. Stock, notes or debentures held  
6 or purchased under this subsection may not be held by the universal bank for more  
7 than 6 months if the stock, notes or debentures can be sold for the amount of the claim  
8 of the universal bank against the holder of the debt previously contracted. The  
9 universal bank shall either sell the stock, notes or debentures within 12 months of  
10 acquisition under this subsection or shall cancel the stock, notes or debentures.  
11 Cancellation of the stock, notes or debentures reduces the amount of the universal  
12 bank's capital stock, notes or debentures. If the reduction reduces the universal  
13 bank's capital below the minimum level required by the division, the universal bank  
14 shall increase its capital to the amount required by the division.

15           (4) LOANS SECURED BY CAPITAL, SURPLUS OR DEPOSITS. A universal bank may not  
16 loan any part of its capital, surplus or deposits on its own capital stock, notes or  
17 debentures as collateral security, except that a universal bank may make a loan  
18 secured by its own capital stock, notes or debentures to the same extent that the  
19 universal bank may make a loan secured by the capital stock, notes and debentures  
20 of a holding company for the universal bank.

21           **222.0409 Stock in bank-owned banks.** With the approval of the division,  
22 a universal bank may acquire and hold stock in one or more banks chartered under  
23 s. 221.1202 or national banks chartered under 12 USC 27 (b) or in one or more  
24 holding companies wholly owning such a bank. Aggregate investments under this  
25 section may not exceed 10% of the universal bank's capital.

1           **222.0411 General deposit powers.** (1) IN GENERAL. A universal bank may  
2 set eligibility requirements for, and establish the types and terms of, deposits that  
3 the universal bank solicits and accepts. The terms set under this subsection may  
4 include minimum and maximum amounts that the universal bank may accept and  
5 the frequency and computation method of paying interest.

6           (2) PLEDGE OF SECURITY FOR DEPOSITS. Subject to the limitations of s. 221.0324  
7 that are applicable to banks, a universal bank may pledge its assets as security for  
8 deposits.

9           (3) SECURITIZATION OF ASSETS. With the approval of the division, a universal  
10 bank may securitize its assets for sale to the public. The division may establish  
11 procedures governing the exercise of authority granted under this subsection.

12           (4) SAFE DEPOSIT POWERS. A universal bank may take and receive, from any  
13 individual or corporation for safekeeping and storage, gold and silver plate, jewelry,  
14 money, stocks, securities, and other valuables or personal property; and rent out the  
15 use of safes or other receptacles upon its premises upon such compensation as may  
16 be agreed upon. A universal bank has a lien for its charges on any property taken  
17 or received by it for safekeeping. If the lien is not paid within 2 years from the date  
18 the lien accrues, or if property is not called for by the person depositing the property,  
19 or by his or her representative or assignee, within 2 years from the date the lien  
20 accrues, the universal bank may sell the property at public auction. A universal bank  
21 shall provide the same notice for a sale under this subsection that is required by law  
22 for sales of personal property on execution. After retaining from the proceeds of the  
23 sale all of the liens and charges due the bank and the reasonable expenses of the sale,  
24 the universal bank shall pay the balance to the person depositing the property, or to  
25 his or her representative or assignee.

1           **222.0413 Other service and incidental activity powers. (1) NECESSARY**  
2           OR CONVENIENT POWERS. Unless otherwise prohibited or limited by this chapter, a  
3           universal bank may exercise all powers necessary or convenient to effect the  
4           purposes for which the universal bank is organized or to further the businesses in  
5           which the universal bank is lawfully engaged.

6           **(2) REASONABLY RELATED POWERS.** (a) Subject to any applicable state or federal  
7           regulatory or licensing requirements, a universal bank may engage, directly or  
8           indirectly through a subsidiary, in activities reasonably related or incident to the  
9           purposes of the universal bank. Activities reasonably related or incident to the  
10          purposes of the universal bank are those activities that are part of the business of  
11          financial institutions, or closely related to the business of financial institutions, or  
12          convenient and useful to the business of financial institutions, or reasonably related  
13          or incident to the operation of financial institutions or are financial in nature.  
14          Activities that are reasonably related or incident to the purposes of a universal bank  
15          include the following:

- 16           1. Business and professional services.
- 17           2. Data processing.
- 18           3. Courier and messenger services.
- 19           4. Credit-related activities.
- 20           5. Consumer services.
- 21           6. Real estate-related services, including real estate brokerage services.
- 22           7. Insurance and related services, other than insurance underwriting.
- 23           8. Securities brokerage.
- 24           9. Investment advice.
- 25           10. Securities and bond underwriting.

- 1 11. Mutual fund activities.
- 2 12. Financial consulting.
- 3 13. Tax planning and preparation.
- 4 14. Community development and charitable activities.
- 5 15. Debt cancellation contracts.
- 6 16. Any activities reasonably related or incident to activities under subs. 1.
- 7 to 15.

8 (b) An activity that is authorized by statute or regulation for financial  
9 institutions to engage in as of the effective date of this paragraph .... [revisor inserts  
10 date], is an activity that is reasonably related to or incident to the purposes of a  
11 universal bank. An activity permitted under the Bank Holding Company Act is an  
12 activity that is reasonably related to or incident to the purposes of a universal bank.  
13 The list of activities reasonably related or incident to the purposes of a universal  
14 bank may be expanded by the division. Any additional activity approved by the  
15 division shall be authorized for all universal banks.

16 (3) NOTICE REQUIREMENT. A universal bank shall give 60 days' prior written  
17 notice to the division of the universal bank's intention to engage in an activity under  
18 this section.

19 (4) STANDARDS FOR DENIAL. The division may deny the authority of a universal  
20 bank to engage in an activity under this section, other than those activities described  
21 in sub. (2) (a) 1. to 16., if the division determines that the activity is not an activity  
22 reasonably related or incident to the purposes of a universal bank, that the financial  
23 institution is not well-capitalized or adequately capitalized, that the financial  
24 institution is the subject of an enforcement action or that the financial institution  
25 does not have satisfactory management expertise for the proposed activity.

1           (5) INSURANCE INTERMEDIATION. A universal bank, or an officer or salaried  
2 employe of a universal bank, may obtain a license as an insurance intermediary, if  
3 otherwise qualified. A universal bank may not, directly or indirectly through a  
4 subsidiary, engage in the business of underwriting insurance.

5           (6) OTHER ACTIVITIES APPROVED BY THE DIVISION. A universal bank may engage  
6 in any other activity that is approved by rule of the division.

7           (7) ACTIVITIES PROVIDED THROUGH A SUBSIDIARY. A universal bank may engage  
8 in activities under this section, directly or indirectly through a subsidiary, unless the  
9 division determines that an activity must be conducted through a subsidiary with  
10 appropriate safeguards to limit the risk exposure of the universal bank.

11           (8) LIMITATIONS ON INVESTMENTS THROUGH SUBSIDIARIES. The amount of the  
12 investment in any one subsidiary that engages in an activity under this section may  
13 not exceed 20% of capital or, if approved by the division, a higher percentage  
14 authorized by the division. The aggregate investment in all subsidiaries that engage  
15 in an activity under this subsection may not exceed 50% of capital or, if approved by  
16 the division, a higher percentage authorized by the division.

17           (9) OWNERSHIP OF SUBSIDIARIES. A subsidiary that engages in an activity under  
18 this section may be owned jointly, with one or more other financial institutions,  
19 individuals or entities.

20           **222.0415 Trust powers.** Subject to rules of the division, a universal bank may  
21 exercise trust powers in accordance with s. 221.0316.

22           **SECTION 2347a.** 223.105 (3) (a) of the statutes is amended to read:

23           223.105 (3) (a) To assure compliance with such rules as may be established  
24 under s. 220.04 (7) the division of banking, the office of credit unions and the division  
25 of savings and loan institutions shall, at least once every 18 months, examine the

1 fiduciary operations of each organization which is under its respective jurisdiction  
2 and is subject to examination under sub. (2). If a particular organization subject to  
3 examination under sub. (2) is not otherwise under the jurisdiction of one of the  
4 foregoing agencies, such examination shall be conducted by the division of banking.

5 **SECTION 2348a.** 223.105 (4) of the statutes is amended to read:

6 223.105 (4) NOTICE OF FIDUCIARY OPERATION. Except for those organizations  
7 licensed under ch. 221 or this chapter, any organization engaged in fiduciary  
8 operations as defined in this section shall, as required by rule, notify the division of  
9 banking, the office of credit unions or the division of savings ~~and loan~~ institutions of  
10 that fact, directing the notice to the agency then exercising regulatory authority over  
11 the organization or, if there is none, to the division of banking. Any organization  
12 which intends to engage in fiduciary operations shall, prior to engaging in such  
13 operations, notify the appropriate agency of this intention. The notifications  
14 required under this subsection shall be on forms and contain information required  
15 by the rules promulgated by the division of banking.

16 **SECTION 2349a.** 223.105 (5) of the statutes is amended to read:

17 223.105 (5) ENFORCEMENT REMEDY. The division of banking or the division of  
18 savings ~~and loan~~ institutions or office of credit unions shall upon the failure of such  
19 organization to submit notifications or reports required under this section or  
20 otherwise to comply with the provisions of this section, or rules established by the  
21 division of banking under s. 220.04 (7), upon due notice, order such defaulting  
22 organization to cease and desist from engaging in fiduciary activities and may apply  
23 to the appropriate court for enforcement of such order.

24 **SECTION 2350a.** 223.105 (6) of the statutes is amended to read:

1           223.105 (6) SUNSET. Except for an organization regulated by the office of credit  
2 unions or the division of savings ~~and loan~~ institutions or an organization authorized  
3 by the division of banking to operate as a bank or trust company under ch. 221 or this  
4 chapter, an organization may not begin activity as a fiduciary operation under this  
5 section after May 12, 1992. An organization engaged in fiduciary operations under  
6 this section on May 12, 1992, may continue to engage in fiduciary operations after  
7 that date.”.

8           ⑩ 10. Page 1194, line 20: after that line insert:

9           “SECTION 2357a. 227.52 (5) of the statutes is amended to read:

10           227.52 (5) Decisions of the division of savings ~~and loan~~ institutions.

11           SECTION 2358a. 227.53 (1) (b) 4. of the statutes is amended to read:

12           227.53 (1) (b) 4. The savings and loan review board, the division of savings and  
13 ~~loan~~ institutions, except if the petitioner is the division of savings ~~and loan~~  
14 institutions, the prevailing parties before the savings and loan review board shall be  
15 the named respondents.

16           SECTION 2359a. 227.53 (1) (b) 5. of the statutes is amended to read:

17           227.53 (1) (b) 5. The savings bank review board, the division of savings ~~and loan~~  
18 institutions, except if the petitioner is the division of savings ~~and loan~~ institutions,  
19 the prevailing parties before the savings bank review board shall be the named  
20 respondents.”.

21           ⑪ 11. Page 1376, line 21: after that line insert:

22           “SECTION 2927a. 552.23 (1) of the statutes is amended to read:

23           552.23 (1) If the target company is an insurance company subject to regulation  
24 by the commissioner of insurance, a banking corporation subject to regulation by the

1 division of banking, a savings bank or savings and loan association subject to  
2 regulation by the division of savings and loan institutions, or a company subject to  
3 regulation by the public service commission, the department of transportation or the  
4 office of the commissioner of railroads, the division of securities shall promptly  
5 furnish a copy of the registration statement filed under this chapter to the regulatory  
6 agency having supervision of the target company. Any hearing under this chapter  
7 involving any such target company shall be held jointly with the regulatory agency  
8 having supervision, and any determination following the hearing shall be made  
9 jointly with that regulatory agency.”.

10 12 14. Page 1426, line 12: after that line insert:

11 “SECTION 3088a. 813.16 (7) of the statutes is amended to read:

12 813.16 (7) If the person seeking the appointment of a receiver under sub. (1)  
13 is a corporation supervised by the division of savings and loan institutions, home  
14 loan bank board, U.S. office of thrift supervision, federal deposit insurance  
15 corporation or resolution trust corporation, the court, unless the opposing party  
16 objects, shall appoint an officer of such corporation as receiver to act without  
17 compensation and to give such bond as the court requires.”.

18 13 14. Page 1459, line 24: after that line insert:

19 “SECTION 3243a. 992.21 of the statutes is created to read:

20 **992.21 Actions by division of savings and loan validated.** Any action  
21 taken by the division of savings and loan between July 1, 1996, and the effective date  
22 of this section .... [revisor inserts date], under the name of the division of savings  
23 institutions has the same force and effect in all respects as if the action had been  
24 taken under the name of the division of savings and loan.”.



**1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBb1671/linsA  
RJM:.....

**INSERT 5-2**

✓  
\*\*\*\*NOTE: LRBb1673 incorporates a necessary conforming change to s. 138.052 (5) (am) 2. b., stats. If LRBb1673 is not included in the committee of conference's super amendment, s. 138.052 (5) (am) 2. b. will need to be treated in order to fully accomplish the name change for the division of savings and loan.

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

LRBb1671/1dn  
RJM:.....

The necessary conforming change to s. 138.052 (5) (am) 2. b.,  
Stats. (interest on home mortgage escrow accounts) is accomplished by  
LRBb1673/1.

← Faith Russell:

Attached is an amendment that changes the name of the division of savings and loan to the division of savings institutions. Please call if you have any questions.

Robert J. Marchant  
Legislative Attorney  
Phone: (608) 261-4454  
E-mail: Robert.Marchant@legis.state.wi.us

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

LRBb1671/1dn  
RJM:cmh:mrc

July 12, 1999

Faith Russell:

Attached is an amendment that changes the name of the division of savings and loan to the division of savings institutions. The necessary conforming change to s. 138.052 (5) (am) 2.b., stats. (interest on home mortgage escrow accounts) is accomplished by LRBb1673/1. Please call if you have any questions.

Robert J. Marchant  
Legislative Attorney  
Phone: (608) 261-4454  
E-mail: Robert.Marchant@legis.state.wi.us



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb1671/1  
RJM:cmh:mrc

LFB:.....Russell – Name change for division of savings and loan

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 24, line 9: after that line insert:

3 **“SECTION 30a.** 15.183 (2) of the statutes is amended to read:

4 15.183 (2) DIVISION OF SAVINGS ~~AND LOAN~~ INSTITUTIONS. There is created a  
5 division of savings ~~and loan~~ institutions. Prior to July 1, 2000, the division is  
6 attached to the department of financial institutions under s. 15.03. After June 30,  
7 2000, the division is created in the department of financial institutions. The  
8 administrator of the division shall be appointed outside the classified service by the  
9 secretary of financial institutions and shall serve at the pleasure of the secretary.”.

10 **2.** Page 292, line 10: delete “and loan” and substitute “~~and loan~~ institutions”.

1           **3.** Page 292, line 11: delete “and loan” and substitute “and loan institutions”.

2           **4.** Page 414, line 21: after that line insert:

3           “**SECTION 645a.** 20.912 (4) of the statutes is amended to read:

4           20.912 (4)   INSOLVENT DEPOSITORIES.   When the bank, savings and loan  
5           association, savings bank or credit union on which any check, share draft or other  
6           draft is drawn by the state treasurer before payment of such check, share draft or  
7           other draft becomes insolvent or is taken over by the division of banking, division of  
8           savings and loan institutions, the federal home loan bank board, the U.S. office of  
9           thrift supervision, the federal deposit insurance corporation, the resolution trust  
10          corporation, the office of credit unions, the administrator of federal credit unions or  
11          the U.S. comptroller of the currency, the state treasurer shall on the demand of the  
12          person in whose favor such check, share draft or other draft was drawn and upon the  
13          return to the treasurer of such check, share draft or other draft issue a replacement  
14          for the same amount.”.

15          **5.** Page 502, line 14: after that line insert:

16          “**SECTION 884a.** 34.01 (2) (a) of the statutes is amended to read:

17          34.01 (2) (a)   Any loss of public moneys, which have been deposited in a  
18          designated public depository in accordance with this chapter, resulting from the  
19          failure of any public depository to repay to any public depositor the full amount of  
20          its deposit because the office of credit unions, administrator of federal credit unions,  
21          U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift  
22          supervision, federal deposit insurance corporation, resolution trust corporation,  
23          division of banking or division of savings and loan institutions has taken possession  
24          of the public depository or because the public depository has, with the consent and

1 approval of the office of credit unions, administrator of federal credit unions, U.S.  
2 office of thrift supervision, federal deposit insurance corporation, resolution trust  
3 corporation, division of banking or division of savings ~~and loan~~ institutions, adopted  
4 a stabilization and readjustment plan or has sold a part or all of its assets to another  
5 credit union, bank, savings bank or savings and loan association which has agreed  
6 to pay a part or all of the deposit liability on a deferred payment basis or because the  
7 depository is prevented from paying out old deposits because of rules of the office of  
8 credit unions, administrator of federal credit unions, U.S. comptroller of the  
9 currency, federal home loan bank board, U.S. office of thrift supervision, federal  
10 deposit insurance corporation, resolution trust corporation, division of banking or  
11 division of savings ~~and loan~~ institutions.

12 **SECTION 885a.** 34.10 of the statutes is amended to read:

13 **34.10 Reorganization and stabilization of financial institutions.**

14 Whenever the office of credit unions, administrator of federal credit unions, U.S.  
15 comptroller of the currency, federal home loan bank board, U.S. office of thrift  
16 supervision, federal deposit insurance corporation, resolution trust corporation,  
17 division of banking or division of savings ~~and loan~~ institutions has taken charge of  
18 a credit union, bank, savings bank or savings and loan association with a view of  
19 restoring its solvency, pursuant to law, or with a view of stabilizing and readjusting  
20 the structure of any national or state credit union, bank, savings bank or savings and  
21 loan association located in this state, and has approved a reorganization plan or a  
22 stabilization and readjustment agreement entered into between the credit union,  
23 bank, savings bank or savings and loan association and depositors and unsecured  
24 creditors, or when a credit union, bank, savings bank or savings and loan association,  
25 with the approval of the office of credit unions, administrator of federal credit unions,

1 U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift  
2 supervision, federal deposit insurance corporation, resolution trust corporation,  
3 division of banking or division of savings ~~and loan~~ institutions proposes to sell its  
4 assets to another credit union, bank, savings bank or savings and loan association  
5 which agrees to assume a part or all of the deposit liability of such selling credit  
6 union, bank, savings bank or savings and loan association and to pay the same on  
7 a deferred payment basis, the governing board of the public depositor may, on the  
8 approval of the division of banking, join in the execution of any reorganization plan,  
9 or any stabilization and readjustment agreement, or any depositor's agreement  
10 relative to a proposed sale of assets if, in its judgment and that of the division of  
11 banking, the reorganization plan or stabilization and readjustment agreement or  
12 proposed sale of assets is in the best interest of all persons concerned. The joining  
13 in any reorganization plan, or any stabilization and readjustment agreement, or any  
14 proposed sale of assets which meets the approval of the division of banking does not  
15 waive any rights under this chapter.”.

16 **6.** Page 1139, line 11: after that line insert:

17 “**SECTION 2166a.** 138.052 (5) (am) 2. a. of the statutes is amended to read:

18 138.052 (5) (am) 2. a. On January 1, 1994, and annually thereafter, the division  
19 of banking for banks, the division of savings ~~and loan~~ institutions for savings and  
20 loan associations and savings banks and the office of credit unions for credit unions  
21 shall determine the interest rate that is the average of the interest rates paid,  
22 rounded to the nearest one-hundredth of a percent, on regular passbook deposit  
23 accounts by institutions under the division's or office's jurisdiction at the close of the

1 last quarterly reporting period that ended at least 30 days before the determination  
2 is made.

\*\*\*\*NOTE: LRBb1673 incorporates a necessary conforming change to s. 138.052 (5) (am) 2. b., stats. If LRBb1673 is not included in the committee of conference's super amendment, s. 138.052 (5) (am) 2. b. will need to be treated in order to fully accomplish the name change for the division of savings and loan.

3 **SECTION 2168a.** 138.055 (4) (a) of the statutes is amended to read:

4 138.055 (4) (a) The division of savings and loan institutions, if the lender is a  
5 savings and loan association or savings bank;

6 **SECTION 2169a.** 138.056 (1) (a) 4. a. of the statutes is amended to read:

7 138.056 (1) (a) 4. a. The division of savings and loan institutions, if the lender  
8 is a savings and loan association or savings bank;”.

9 **7.** Page 1179, line 19: after that line insert:

10 **“SECTION 2308r.** 186.098 (12) of the statutes is amended to read:

11 186.098 (12) LOANS TO MEMBERS. A credit union may make loans to members  
12 secured by assignment or transfer of stock certificates or other evidence of the  
13 borrower's ownership interest in a corporation formed for the cooperative ownership  
14 of real estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a  
15 mortgage involving a one-family residence, apply to a proceeding to enforce the  
16 lender's rights in security given for a loan under this subsection. The office of credit  
17 unions shall promulgate joint rules with the ~~divisions of savings and loan~~ division  
18 of savings institutions and the division of banking that establish procedures for  
19 enforcing a lender's rights in security given for a loan under this subsection.”.

20 **8.** Page 1186, line 9: after that line insert:

21 **“SECTION 2337a.** 214.01 (1) (im) of the statutes is amended to read:

22 214.01 (1) (im) “Division” means the division of savings and loan institutions.



1 customer shall be given a notice in 12-point boldface type in substantially the  
2 following form:

3 NOTICE OF RELATIONSHIP

4 This company, .... (insert name and address of association, savings and loan  
5 holding company or subsidiary), is related to .... (insert name and address of  
6 association, savings and loan holding company or subsidiary) of which you are also  
7 a customer. You may not be compelled to buy any product or service from either of  
8 the above companies or any other related company in order to participate in this  
9 transaction.

10 If you feel that you have been compelled to buy any product or service from  
11 either of the above companies or any other related company in order to participate  
12 in this transaction, you should contact the management of either of the above  
13 companies at either of the above addresses or the division of savings and loan  
14 institutions at .... (insert address).”.

15 **9.** Page 1193, line 3: after that line insert:

16 “SECTION 2344a. 221.0303 (2) of the statutes is amended to read:

17 221.0303 (2) OPERATION AND ACQUISITION OF CUSTOMER BANK COMMUNICATIONS  
18 TERMINALS. A bank may, directly or indirectly, acquire, place and operate, or  
19 participate in the acquisition, placement and operation of, at locations other than its  
20 main or branch offices, customer bank communications terminals, in accordance  
21 with rules established by the division. The rules of the division shall provide that  
22 any such customer bank communications terminal shall be available for use, on a  
23 nondiscriminatory basis, by any state or national bank and by all customers  
24 designated by a bank using the terminal. This subsection does not authorize a bank

1 which has its principal place of business outside this state to conduct banking  
2 business in this state. The customer bank communications terminals also shall be  
3 available for use, on a nondiscriminatory basis, by any credit union, savings and loan  
4 association or savings bank, if the credit union, savings and loan association or  
5 savings bank requests to share its use, subject to rules jointly established by the  
6 division of banking, the office of credit unions and the division of savings ~~and loan~~  
7 institutions. The division by order may authorize the installation and operation of  
8 a customer bank communications terminal in a mobile facility, after notice and  
9 hearing upon the proposed service stops of the mobile facility.

10 **SECTION 2345a.** 221.0321 (5) of the statutes is amended to read:

11 221.0321 (5) CERTAIN SECURED LOANS. A bank may make loans secured by  
12 assignment or transfer of stock certificates or other evidence of the borrower's  
13 ownership interest in a corporation formed for the cooperative ownership of real  
14 estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a mortgage  
15 involving a one-family residence, apply to a proceeding to enforce the lender's rights  
16 in security given for a loan under this subsection. The division shall promulgate joint  
17 rules with the office of credit unions and the division of savings ~~and loan~~ institutions  
18 that establish procedures for enforcing a lender's rights in security given for a loan  
19 under this subsection.

20 **SECTION 2347a.** 223.105 (3) (a) of the statutes is amended to read:

21 223.105 (3) (a) To assure compliance with such rules as may be established  
22 under s. 220.04 (7) the division of banking, the office of credit unions and the division  
23 of savings ~~and loan~~ institutions shall, at least once every 18 months, examine the  
24 fiduciary operations of each organization which is under its respective jurisdiction  
25 and is subject to examination under sub. (2). If a particular organization subject to

1 examination under sub. (2) is not otherwise under the jurisdiction of one of the  
2 foregoing agencies, such examination shall be conducted by the division of banking.

3 **SECTION 2348a.** 223.105 (4) of the statutes is amended to read:

4 223.105 (4) NOTICE OF FIDUCIARY OPERATION. Except for those organizations  
5 licensed under ch. 221 or this chapter, any organization engaged in fiduciary  
6 operations as defined in this section shall, as required by rule, notify the division of  
7 banking, the office of credit unions or the division of savings ~~and loan~~ institutions of  
8 that fact, directing the notice to the agency then exercising regulatory authority over  
9 the organization or, if there is none, to the division of banking. Any organization  
10 which intends to engage in fiduciary operations shall, prior to engaging in such  
11 operations, notify the appropriate agency of this intention. The notifications  
12 required under this subsection shall be on forms and contain information required  
13 by the rules promulgated by the division of banking.

14 **SECTION 2349a.** 223.105 (5) of the statutes is amended to read:

15 223.105 (5) ENFORCEMENT REMEDY. The division of banking or the division of  
16 savings ~~and loan~~ institutions or office of credit unions shall upon the failure of such  
17 organization to submit notifications or reports required under this section or  
18 otherwise to comply with the provisions of this section, or rules established by the  
19 division of banking under s. 220.04 (7), upon due notice, order such defaulting  
20 organization to cease and desist from engaging in fiduciary activities and may apply  
21 to the appropriate court for enforcement of such order.

22 **SECTION 2350a.** 223.105 (6) of the statutes is amended to read:

23 223.105 (6) SUNSET. Except for an organization regulated by the office of credit  
24 unions or the division of savings ~~and loan~~ institutions or an organization authorized  
25 by the division of banking to operate as a bank or trust company under ch. 221 or this

1 chapter, an organization may not begin activity as a fiduciary operation under this  
2 section after May 12, 1992. An organization engaged in fiduciary operations under  
3 this section on May 12, 1992, may continue to engage in fiduciary operations after  
4 that date.”.

5 **10.** Page 1194, line 20: after that line insert:

6 “**SECTION 2357a.** 227.52 (5) of the statutes is amended to read:

7 227.52 (5) Decisions of the division of savings and ~~loan~~ institutions.

8 **SECTION 2358a.** 227.53 (1) (b) 4. of the statutes is amended to read:

9 227.53 (1) (b) 4. The savings and loan review board, the division of savings and  
10 ~~loan~~ institutions, except if the petitioner is the division of savings and ~~loan~~  
11 institutions, the prevailing parties before the savings and loan review board shall be  
12 the named respondents.

13 **SECTION 2359a.** 227.53 (1) (b) 5. of the statutes is amended to read:

14 227.53 (1) (b) 5. The savings bank review board, the division of savings and ~~loan~~  
15 institutions, except if the petitioner is the division of savings and ~~loan~~ institutions,  
16 the prevailing parties before the savings bank review board shall be the named  
17 respondents.”.

18 **11.** Page 1376, line 21: after that line insert:

19 “**SECTION 2927a.** 552.23 (1) of the statutes is amended to read:

20 552.23 (1) If the target company is an insurance company subject to regulation  
21 by the commissioner of insurance, a banking corporation subject to regulation by the  
22 division of banking, a savings bank or savings and loan association subject to  
23 regulation by the division of savings and ~~loan~~ institutions, or a company subject to  
24 regulation by the public service commission, the department of transportation or the

1 office of the commissioner of railroads, the division of securities shall promptly  
2 furnish a copy of the registration statement filed under this chapter to the regulatory  
3 agency having supervision of the target company. Any hearing under this chapter  
4 involving any such target company shall be held jointly with the regulatory agency  
5 having supervision, and any determination following the hearing shall be made  
6 jointly with that regulatory agency.”

7 **12.** Page 1426, line 12: after that line insert:

8 “SECTION 3088a. 813.16 (7) of the statutes is amended to read:

9 813.16 (7) If the person seeking the appointment of a receiver under sub. (1)  
10 is a corporation supervised by the division of savings ~~and loan~~ institutions, home  
11 loan bank board, U.S. office of thrift supervision, federal deposit insurance  
12 corporation or resolution trust corporation, the court, unless the opposing party  
13 objects, shall appoint an officer of such corporation as receiver to act without  
14 compensation and to give such bond as the court requires.”

15 **13.** Page 1459, line 24: after that line insert:

16 “SECTION 3243a. 992.21 of the statutes is created to read:

17 **992.21 Actions by division of savings and loan validated.** Any action  
18 taken by the division of savings and loan between July 1, 1996, and the effective date  
19 of this section .... [revisor inserts date], under the name of the division of savings  
20 institutions has the same force and effect in all respects as if the action had been  
21 taken under the name of the division of savings and loan.”

22

(END)