



2003 DRAFTING REQUEST

Bill

Received: **01/10/2003**

Received By: **rmarchan**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Mawdsley**

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

Drafter: **rmarchan**

May Contact:

Addl. Drafters:

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

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **robert.marchant@legis.state.wi.us**

Pre Topic:

DOA:.....Mawdsley - BB0341,

Topic:

Regulation of savings banks and savings and loan associations

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 01/10/2003 | kgilfoy 01/14/2003 | | _____ | | | State |
| /1 | rmarchan 02/05/2003 | kgilfoy 02/05/2003 | chaskett 01/15/2003 chaugen 02/05/2003 | _____ | lemery 01/15/2003 | | State |

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|------------------------|-----------------------|------------------------|----------------|----------------------|-----------------|-----------------|
| /2 | rmarchan 02/17/2003 | kgilfoy 02/17/2003 | chaugen 02/05/2003 | _____ | lemery 02/05/2003 | | State |
| /3 | | | jfrantze 02/18/2003 | _____ | lemery 02/18/2003 | | |

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1/3 - 2/17 King
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Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

/2

chaugen _____
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|--------------|----------------|-----------------|-----------------|--------------------|------------------|-----------------|-----------------|
| 1? | rmarchan | 1 - 1/13 Kmg | 1 - 1/14 CPH | 1 - 1/15 PB/CPH | | | |

FE Sent For:

<END>



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

JAMES E. DOYLE
GOVERNOR

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SECRETARY

Division of Executive Budget and Finance

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RSM

Date: January 9, 2003

To: Stephen R. Miller, Chief
Legislative Reference Bureau

From: Kate Mawdsley
Policy and Budget Analyst
ECR Team

Subject: **Biennial Budget Drafting Request**
Agency 144 - Department of Financial Institutions (DFI)

Budget Office Request Title:
Savings Division Merger

Request Description:

Eliminate the Division of Savings Institutions and provide for regulation of savings banks and savings and loan associations by the Division of Banking. Reduce the department's unclassified position count by 1.0 FTE unclassified Division Administrator position.

Eliminate the Savings Bank Review Board and the Savings and Loan Review Board. Create a Savings Institution Review Board to oversee the activities of the Division of Banking with regard to savings banks and savings and loan associations. The board would consist of five members, appointed for staggered five-year terms. At least three members would be required to have no less than five years' experience with savings bank or savings and loan association business in the state.

BB0341

RSM: KING
RMR

DOA:.....Mawdsley - BB0341, Regulation of savings banks and savings and loan associations

FOR 2003-05 BUDGET - NOT READY FOR INTRODUCTION

DNOTE

PDF: All amended states.

head = COMMERCE AND ECONOMIC DEVELOPMENT
sub = COMMERCE

re budget.

1

AN ACT ...; relating to: ???

Analysis by the Legislative Reference Bureau

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

(END)

INSERT ANALYSIS ✓

INSERT 1-2 ✓

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

IN SLOTS

1 ~~AN ACT to repeal 15.07 (1) (b) 18., 15.07 (5) (gm), 15.183 (2), 15.185 (4), 138.055~~
2 ~~(4) (a), 138.056 (1) (a) 4. a., 214.01 (1) (k), 214.045, 214.06 (1) (a) and (b), 214.155,~~
3 ~~214.16, 214.165, 214.17, 214.175, 214.18, 214.185, 214.19, 214.195, 227.52 (5)~~
4 ~~and 227.53 (1) (b) 5.; to renumber and amend 214.06 (1) (intro.) and 214.725~~
5 ~~(1); to amend 15.07 (1) (b) 5., 15.07 (5) (g), 15.185 (3), 20.144 (1) (g), 20.912 (4),~~
6 ~~34.01 (2) (a), 34.10, 138.052 (5) (am) 2. a., 138.052 (5) (am) 2. b., 186.098 (12),~~
7 ~~214.01 (1) (im), 214.01 (1) (sr), 214.54 (1) and (2), 214.592, 215.01 (6), 215.01~~
8 ~~(22), 215.02 (10) (a) 3., 215.03 (2) (title), 215.03 (2) (a), 215.13 (39), 215.141,~~
9 ~~215.21 (5) (a), 215.40 (18), 220.02 (3), 220.06 (1), 221.0303 (2), 221.0321 (5),~~
10 ~~223.105 (3) (a), 223.105 (4), 223.105 (5), 223.105 (6), 224.74 (2) (b), 227.52 (3),~~
11 ~~227.53 (1) (a) 1., 227.53 (1) (b) 4., 227.53 (1) (d), 230.08 (2) (e) 4f., 552.23 (1) and~~
12 ~~813.16 (7); to repeal and recreate 214.15, 214.68, 215.02 (title), 215.04,~~
13 ~~215.36, 215.57 and 215.77; and to create 214.725 (1) (b) and 220.02 (2) (e) and~~
14 ~~(f) of the statutes; relating to: the regulation of savings banks and savings and~~

1 loan associations and the examination of certain mortgage lenders and their
2 agents.

Analysis by the Legislative Reference Bureau

This bill makes various changes regarding savings banks and savings and loan associations and also makes certain changes regarding the examination of certain mortgage lenders and their agents. The primary provisions of this bill are the following:

Conversions to state or federally chartered institutions

Current law contains procedures relating to the conversion of a state savings bank or savings and loan association into a similar federal institution and the conversion of a federal savings bank or savings and loan association into a similar state institution. Generally, these procedures establish a timeline for effecting such a conversion and requirements with regard to the approval of the conversion at a stockholder or member meeting.

This bill repeals these procedures and replaces them with other provisions governing these conversions. Under this bill, a state savings bank or savings and loan association is reorganized as a federal institution upon obtaining a certificate from the federal office of thrift supervision authorizing the bank or association to conduct business under the federal banking law. In addition, a federal savings bank or savings and loan association may reorganize as a state bank or savings and loan association under the bill with the approval of the division of banking and upon the affirmative vote of the members owning a majority of the stock of the federal institution who are entitled to vote (or a majority of the dollar value of savings accounts, if the institution is a federal mutual association), or such greater percentage as may be required in the institution's articles of incorporation or bylaws. The bill requires the converting institution to file articles of incorporation as a state savings bank or savings and loan association and to pay a fee determined by the division of banking.

Interstate mergers and acquisitions

Current law permits interstate mergers and acquisitions of savings banks, savings bank holding companies, savings and loan associations, and savings and loan association holding companies (collectively, savings institutions). Currently, a savings institution organized in this state may only merge with, acquire, or be acquired by certain savings institutions that have their home or principal office in this state or the geographic region (Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, or Ohio). This geographic region limitation is similar to current law with regard to credit unions. In addition, current law contains certain other limitations on out-of-state savings institutions merging with or acquiring savings institutions organized in this state and specifies standards that the division of savings institutions may use to disapprove any such merger or acquisition. However, these limitations and standards do not apply to acquisitions of 5% or less of the voting shares of a savings institution organized in this state.

INSEAT ANALYSIS

This bill repeals the provisions in current law relating to interstate mergers and acquisitions of savings institutions and replaces the provisions with new provisions governing these mergers and acquisitions. The bill eliminates the geographic region limitation and, thus, expands the number of savings institutions that are eligible to merge with or acquire a savings institution organized in this state. The bill includes limitations and standards, generally similar to those under current law, relating to out-of-state savings institutions merging with or acquiring savings institutions organized in this state. In addition, this bill imposes certain additional limitations and standards, including a prohibition against any out-of-state institution merging with or acquiring a savings institution organized in this state if, as a result of the merger or acquisition, the resulting institution would control 30% or more of the total amount of deposits of insured depository institutions in this state.

Unlike current law, which requires an out-of-state applicant for merger or acquisition to pay a \$1,000 fee, this bill requires such an applicant to pay a fee determined by the division of banking (which, under the bill, is the regulator of savings institutions). Unlike current law, this bill does not specifically permit an in-state savings institution to acquire an out-of-state savings institution. In addition, this bill does not specifically permit the acquisition of 5% or less of the voting shares of a savings institution organized in this state.

Out-of-state branch offices

Under current law, a savings bank may establish a branch office in this state or in the geographic region (Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, or Ohio) with the approval of the division of savings institutions. This bill repeals the geographic region limitation on establishing a branch office and, instead, permits a savings bank to establish a branch office in any location with the approval of the division of banking (which, under this bill, is the regulator of savings banks). The bill makes a similar change with regard to the establishment of branch offices by savings and loan associations.

Limits on loans to a particular person

With certain exceptions, current law limits the total of all loans that a savings bank or savings and loan association may make to a particular person. For a savings bank, the total of these loans may not exceed 15% of the savings bank's capital. For a savings and loan association, the total may not exceed 10% of the aggregate savings accounts or the net worth of the savings and loan association.

This bill increases the total of all loans that a savings bank or savings and loan association may make to a particular person. For a savings bank, the bill provides that the total of these loans may not exceed 20% of the savings bank's capital. For a savings and loan association, the bill provides that the total may not exceed 20% of the net worth of the savings and loan association. Under the bill, the aggregate savings accounts held by a savings and loan association is no longer a factor in determining the total amount that the association may lend to a particular person.

Regulator of savings banks and savings and loan associations

Under current law, savings banks and savings and loan associations are regulated by the division of savings institutions in the department of financial institutions (DFI). This bill deletes the division of savings institutions and, instead,

provides that savings banks and savings and loan associations are regulated by the division of banking in DFI.

Currently, the savings bank review board and savings and loan review board oversee certain activities of the division of savings institutions with regard to savings banks and savings and loan associations, respectively. This bill deletes these review boards and, instead, creates a savings institutions review board to oversee the activities of the division of banking with regard to savings banks and savings and loan associations.

Other changes relating to savings banks

Under current law, at least 60% of the total assets of a savings bank must consist of some combination of cash, certain governmental obligations, certain insured certificates of deposit in or insured obligations of corporations, various loans as specified in the Internal Revenue Code, property acquired through the liquidation of certain loans, property used to operate the primary business of the savings bank, and interests in certain securities that are backed by pooled loans. This bill repeals this requirement.

Under current law, the division of savings institutions must examine each savings bank at least once every 18 months. This bill permits the division of banking (which is the regulator of savings banks under the bill, as discussed above) to accept a federal examination of a savings bank, if the applicable federal agency performed the examination within a reasonable period of time and provided a copy of the examination to the division of banking. This provision is similar to provisions applicable to the division's examination of banks and trust company banks.

Examination of certain mortgage lenders and their agents

Current law requires the division of banking to maintain the confidentiality of information obtained while examining mortgage brokers, mortgage bankers, and loan originators (mortgage lenders) registered with the division. This bill, in addition, prohibits employees of the division of banking from examining any such mortgage lender in which the person is a stockholder or officer or by which the person is employed. In addition, under the bill, no employee of the division of banking may examine such a mortgage lender that is located in the same village, city, or county with any bank or other licensee of the division in which the person is a stockholder or officer or by which the person is employed. These provisions are identical to provisions relating to examinations of various other licensees of the division of banking.

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

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

SECTION 1. 15.07 (1) (b) 5. of the statutes is amended to read:

15.07 (1) (b) 5. Savings and loan institutions review board.

*INS 9/11
1-2*

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SECTION 2. 15.07 (1) (b) 18. of the statutes is repealed.

SECTION 3. 15.07 (5) (g) of the statutes is amended to read:

15.07 (5) (g) Members of the savings and loan institutions review board, \$10 per day.

SECTION 4. 15.07 (5) (gm) of the statutes is repealed.

SECTION 5. 15.183 (2) of the statutes is repealed.

SECTION 6. 15.185 (3) of the statutes is amended to read:

15.185 (3) SAVINGS AND LOAN INSTITUTIONS REVIEW BOARD. There is created in the department of financial institutions a savings and loan institutions review board consisting of 5 members, at least 3 of whom shall have not less than 5 years' experience in the savings and loan or savings bank business in this state, appointed for ~~staggered 4 year~~ 5-year terms.

SECTION 7. 15.185 (4) of the statutes is repealed.

SECTION 8. 20.144 (1) (g) of the statutes is amended to read:

20.144 (1) (g) *General program operations.* The amounts in the schedule for the general program operations of the department of financial institutions. Except as provided in pars (a), (h), (i), and (u), all moneys received by the department, other than by the office of credit unions, and the division of banking ~~and the division of savings institutions~~, and 88% of all moneys received by the department's division of banking ~~and the department's division of savings institutions~~ shall be credited to this appropriation, but any balance at the close of a fiscal year under this appropriation shall lapse to the general fund. Annually, \$200,000 of the amounts received under this appropriation account shall be transferred to the appropriation account under s. 20.575 (1) (g).

SECTION 9. 20.912 (4) of the statutes is amended to read:

1 20.912 (4) INSOLVENT DEPOSITORIES. When the bank, savings and loan
2 association, savings bank, or credit union on which any check, share draft, or other
3 draft is drawn by the state treasurer before payment of such check, share draft, or
4 other draft becomes insolvent or is taken over by the division of banking, ~~division of~~
5 ~~savings institutions~~, the federal home loan bank board, the U.S. office of thrift
6 supervision, the federal deposit insurance corporation, the resolution trust
7 corporation, the office of credit unions, the administrator of federal credit unions, or
8 the U.S. comptroller of the currency, the state treasurer shall on the demand of the
9 person in whose favor such check, share draft, or other draft was drawn and upon
10 the return to the treasurer of such check, share draft, or other draft issue a
11 replacement for the same amount.

12 **SECTION 10.** 34.01 (2) (a) of the statutes is amended to read:

13 34.01 (2) (a) Any loss of public moneys, which have been deposited in a
14 designated public depository in accordance with this chapter, resulting from the
15 failure of any public depository to repay to any public depositor the full amount of
16 its deposit because the office of credit unions, administrator of federal credit unions,
17 U.S. comptroller of the currency, federal home loan bank board, U.S. office of thrift
18 supervision, federal deposit insurance corporation, resolution trust corporation, or
19 ~~division of banking or division of savings institutions~~ has taken possession of the
20 public depository or because the public depository has, with the consent and approval
21 of the office of credit unions, administrator of federal credit unions, U.S. office of
22 thrift supervision, federal deposit insurance corporation, resolution trust
23 corporation, or ~~division of banking or division of savings institutions~~, adopted a
24 stabilization and readjustment plan or has sold a part or all of its assets to another
25 credit union, bank, savings bank, or savings and loan association which has agreed

1 to pay a part or all of the deposit liability on a deferred payment basis or because the
2 depository is prevented from paying out old deposits because of rules of the office of
3 credit unions, administrator of federal credit unions, U.S. comptroller of the
4 currency, federal home loan bank board, U.S. office of thrift supervision, federal
5 deposit insurance corporation, resolution trust corporation, or division of banking ~~or~~
6 ~~division of savings institutions.~~

7 SECTION 11. 34.10 of the statutes is amended to read:

8 **34.10 Reorganization and stabilization of financial institutions.**

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

1 credit union, bank, savings bank, or savings and loan association and to pay the same
 2 on a deferred payment basis, the governing board of the public depositor may, on the
 3 approval of the division of banking, join in the execution of any reorganization plan,
 4 or any stabilization and readjustment agreement, or any depositor's agreement
 5 relative to a proposed sale of assets if, in its judgment and that of the division of
 6 banking, the reorganization plan or stabilization and readjustment agreement or
 7 proposed sale of assets is in the best interest of all persons concerned. The joining
 8 in any reorganization plan, or any stabilization and readjustment agreement, or any
 9 proposed sale of assets which meets the approval of the division of banking does not
 10 waive any rights under this chapter.

11 SECTION 12. 138.052 (5) (am) 2. a. of the statutes is amended to read:

12 138.052 (5) (am) 2. a. ~~On January 1, 1994, and annually thereafter,~~ Annually
 13 the division of banking for banks, ~~the division of savings institutions for savings and~~
 14 loan associations, and savings banks, and the office of credit unions for credit unions,
 15 shall determine the interest rate that is the average of the interest rates paid,
 16 rounded to the nearest one-hundredth of a percent, on regular passbook deposit
 17 accounts by institutions under the division's or office's jurisdiction at the close of the
 18 last quarterly reporting period that ended at least 30 days before the determination
 19 is made.

20 SECTION 13. 138.052 (5) (am) 2. b. of the statutes is amended to read:

21 138.052 (5) (am) 2. b. ~~The office of credit unions and the division of banking~~
 22 shall report the rate calculated to the division of savings institutions within Within
 23 5 days after the date on which the determination is made. ~~The, the~~ division of savings
 24 institutions banking shall calculate the average, rounded to the nearest
 25 one-hundredth of a percent, of the 3 rates determined by the division of banking and

retain

1 the office of credit unions and report that interest rate to the revisor of statutes
2 within 5 days after the date on which the determination is made.

3 SECTION 14. 138.055 (4) (a) ✓ of the statutes is repealed.

4 SECTION 15. 138.056 (1) (a) 4. a. ✓ of the statutes is repealed.

5 SECTION 16. 186.098 (12) of the statutes is amended to read:

6 186.098 (12) LOANS TO MEMBERS. A credit union may make loans to members
7 secured by assignment or transfer of stock certificates or other evidence of the
8 borrower's ownership interest in a corporation formed for the cooperative ownership
9 of real estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a
10 mortgage involving a one-family residence, apply to a proceeding to enforce the
11 lender's rights in security given for a loan under this subsection. The office of credit,
12 unions shall promulgate joint rules with ~~the division of savings institutions and the~~
13 division of banking that establish procedures for enforcing a lender's rights in
14 security given for a loan under this subsection.

15 SECTION 17. 214.01 (1) (im) ✓ of the statutes is amended to read:

16 214.01 (1) (im) "Division" means the division of ~~savings institutions~~ banking.

17 ~~SECTION 18. 214.01 (1) (k) of the statutes is repealed.~~

18 SECTION 19. 214.01 (1) (sr) of the statutes is amended to read:

19 214.01 (1) (sr) "Review board" means the savings ~~bank~~ institutions ✓ review
20 board.

21 ~~SECTION 20. 214.045 of the statutes is repealed.~~

22 ~~SECTION 21. 214.06 (1) (intro.) of the statutes is renumbered 214.06 (1) and~~
23 ~~amended to read:~~

1 214.06 (1) With the prior written approval of the division, a savings bank may
2 establish one or more branch offices. A branch office may be located in any of the
3 following:

4 ~~SECTION 22. 214.06 (1) (a) and (b) of the statutes are repealed.~~

5 ~~SECTION 23. 214.15 of the statutes is repealed and recreated to read:~~

6 ~~**214.15 Acquisitions of savings associations and savings and loan**~~
7 ~~**holding companies. (1) APPLICABILITY.** This section applies to acquisitions of and~~
8 ~~mergers or consolidations with an in-state savings association or an in-state savings~~
9 ~~and loan holding company by any company.~~

10 ~~(2) DEFINITIONS. In this section:~~

11 ~~(a) "Affiliate" has the meaning given in 12 USC 1467a (a) (1) (H).~~

12 ~~(b) "Company" means a savings and loan holding company and any other entity~~
13 ~~defined as a company under 12 USC 1467 (a) (1) (C), unless the context requires~~
14 ~~otherwise.~~

15 ~~(c) "Control" shall be interpreted consistently with 12 USC 1467a (a) (2).~~

16 ~~(d) "Deposit" has the meaning given in 12 USC 1813 (L).~~

17 ~~(e) "Depository institution" means any insured depository institution under 12~~
18 ~~USC 1813 (c) (2) and (3).~~

19 ~~(f) "Foreign savings and loan holding company" means a savings and loan~~
20 ~~holding company that is organized under the laws of a country other than the United~~
21 ~~States or any territory or possession of the United States.~~

22 ~~(g) "In-state savings and loan holding company" means a savings and loan~~
23 ~~holding company that has its principal place of business in this state.~~

1 (h) "In-state savings association" means a savings association that is
2 organized under this chapter, or a savings association organized under federal law
3 and having its principal place of business in this state.

4 (i) "Out-of-state savings and loan holding company" means a savings and loan
5 holding company that is not an in-state savings and loan holding company, except
6 that if the context requires "out-of-state savings and loan holding company" does not
7 include a foreign savings and loan holding company.

8 (j) "Principal place of business" of a savings and loan holding company means
9 the state in which the total deposits of its savings association subsidiaries are the
10 greatest.

11 (k) "Savings and loan holding company" means an in-state savings and loan
12 holding company, an out-of-state savings and loan holding company, and a foreign
13 savings and loan holding company, unless the context requires otherwise, and any
14 other entity defined as a savings and loan holding company under 12 USC 1467a (a)
15 (1) (D).

16 (L) "Savings association" means a state or federal savings bank and any other
17 entity defined as a savings association under 12 USC 1813 (b).

18 (m) "Savings association supervisory agency" means the federal office of thrift
19 supervision, the Federal Deposit Insurance Corporation, or any successor to these
20 agencies, or any agency of another state with primary responsibility for chartering
21 and supervising savings associations.

22 (n) "Subsidiary" has the meaning given in 12 USC 1813.

23 (3) APPROVAL REQUIREMENTS. (a) Except as provided in par. (b) or as otherwise
24 expressly permitted by federal law, no company may do any of the following without
25 the prior approval of the division:

Handwritten mark resembling a stylized 'V' or checkmark.

~~1. Merge or consolidate with an in-state savings and loan holding company.~~

~~2. Assume direct or indirect ownership or control of:~~

~~a. More than 25% of any class of voting shares of an in-state savings and loan holding company or an in-state savings association, if the acquiring company is not a savings and loan holding company prior to the acquisition.~~

~~b. More than 5% of any class of voting shares of an in-state savings and loan holding company or an in-state savings association, if the acquiring company is a savings and loan holding company prior to the acquisition.~~

~~c. All or substantially all of the assets of an in-state savings and loan holding company or an in-state savings association.~~

~~3. Take other action that results in the direct or indirect acquisition of control of an in-state savings and loan holding company or an in-state savings association.~~

~~(b) The approval of the division is not required for a transaction described under par. (a) 1. to 3., if any of the following applies:~~

~~1. The transaction is arranged by the division or a savings association supervisory agency to prevent the insolvency or closing of the acquired savings association.~~

~~2. The transaction is one in which a savings association forms its own savings and loan holding company, if the ownership rights of the former savings association shareholders are substantially similar to those of the shareholders of the new savings and loan holding company.~~

~~(c) 1. In a transaction in which the division's approval is not required under par. (b), the parties shall give written notice to the division at least 15 days before the effective date of the transaction, unless a shorter period of notice is required under applicable federal law.~~

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1 2. In a transaction in which the division's approval is not required because the
2 transaction is expressly permitted under federal law, if an out-of-state savings
3 association will result from a merger, consolidation, or other transaction involving
4 an in-state savings association, the out-of-state savings association shall give
5 notice to the division of the proposed merger, consolidation, or other transaction no
6 later than the date on which the out-of-state savings association files an application
7 for the proposed merger, consolidation, or other transaction with the applicable
8 federal savings association supervisory agency. The notification shall be
9 accompanied by any filing fee required by the division and shall include all of the
10 following:

11 a. A copy of the application submitted to the federal savings association
12 supervisory agency.

13 b. Evidence that the out-of-state savings association has complied with any
14 applicable requirements under subch. XV of ch. 180.

15 (4) REQUIRED APPLICATION. A company that requires the division's approval
16 under sub. (3) (a) shall do all of the following:

17 (a) File with the division an application in the form that the division requires.

18 (b) Pay to the division an application fee determined by the division.

19 (c) Reimburse the division for all actual costs incurred by the division in
20 making an investigation related to the application under par (a) and in holding any
21 hearing on the application.

22 (d) Cause to be published a class 3 notice, under ch. 985, in the form prescribed
23 by the division, in the official state newspaper, of the application under par. (a) and
24 of the opportunity for a hearing under sub. (5). If the application is to acquire an
25 in-state savings association, the notice shall also be published in a newspaper of

1 general circulation in the city, village, or town where the home office of the in-state
2 savings association is located.

3 (e) File with the division proof of publication of the notice under par. (d), upon
4 completion of the publication of the notice.

5 (f) If the applicant is an out-of-state savings and loan holding company, submit
6 to the division, with the application, proof that the applicant has complied with, or
7 is exempt from, the requirements of subch. XV of ch. 180.

8 **(5) HEARING.** (a) Except as provided in par. (b), the division shall hold a hearing
9 on the application under sub. (4) (a) if at least 25 residents of this state petition for
10 a hearing within 30 days after the notice under sub. (4) (d) or if the division, on its
11 own motion, calls for a hearing within 30 days after the notice under sub. (4) (d).
12 Except as provided in par. (b), the division may not approve any transaction under
13 sub. (3) (a) until the later of 30 days after the notice under sub. (4) (d) or 30 days after
14 any hearing required under this paragraph.

15 (b) Paragraph (a) does not apply to a proposed transaction if the division finds
16 that an emergency exists and that the proposed transaction is necessary and
17 appropriate to prevent the probable failure of an in-state savings association.

18 **(6) STANDARDS FOR DISAPPROVAL.** The division may disapprove a transaction that
19 requires the division's approval under sub. (3) (a) if the division finds any of the
20 following:

21 (a) Considering the financial and managerial resources and future prospects
22 of the applicant and of the in-state savings association or in-state savings and loan
23 holding company, the transaction would be contrary to the best interests of the
24 shareholders or customers of the in-state savings association or in-state savings and
25 loan holding company.

1 (b) The action would be detrimental to the safety and soundness of the
2 applicant or of the in-state savings association or in-state savings and loan holding
3 company, or to the safety and soundness of a subsidiary or affiliate of the applicant,
4 the in-state savings association, or the in-state savings and loan holding company.

5 (c) Because the applicant or its executive officers, directors, or principal
6 shareholders have not established a record of sound performance, efficient
7 management, financial responsibility, and integrity, the action would be contrary to
8 the best interests of the depositors, other customers, creditors, or shareholders of the
9 applicant or of the in-state savings association or in-state savings and loan holding
10 company or contrary to the best interests of the public.

11 (d) The applicant has received a rating of “needs to improve record of meeting
12 community credit needs” under 12 USC 2906 (b) (2) (C) or “substantial
13 noncompliance in meeting community credit needs” under 12 USC 2906 (b) (2) (D)
14 by the applicable savings association supervisory agency.

15 (f) The applicant has failed to enter into an agreement, prepared by the
16 division, requiring the applicant to comply with the laws and rules of this state
17 regulating consumer credit finance charges and other charges and related disclosure
18 requirements, except to the extent preempted by federal law.

19 (g) The applicant fails to meet any other standards established by rule of the
20 division.

21 (7) STATE CONCENTRATION LIMIT. The division may not approve any transaction
22 that requires the division’s approval under sub. (3) (a) if, upon consummation of the
23 transaction, the applicant would control 30% or more of the total amount of deposits
24 of insured depository institutions in this state.

1 (8) AGE REQUIREMENT. (a) Except as provided in pars. (b) and (c), the division
2 may not approve an application by an out-of-state savings and loan holding
3 company that requires the division's approval under sub. (3) (a) unless each in-state
4 savings association to be merged or consolidated with or acquired, or all in-state
5 savings association subsidiaries of each in-state savings and loan holding company
6 to be merged or consolidated with or acquired, have as of the proposed effective date
7 of the transaction been in existence and in continuous operation for at least 5 years.

8 (b) The division may approve an application by an out-of-state savings and
9 loan holding company for an acquisition of or merger or consolidation with an
10 in-state savings and loan holding company that owns one or more in-state savings
11 associations that have been in existence for less than 5 years, if the out-of-state
12 savings and loan holding company divests itself of those in-state savings
13 associations within 2 years after the date of merging or consolidating with or
14 acquiring the in-state savings and loan holding company.

15 (c) Paragraphs (a) and (b) do not apply to an in-state savings association that
16 is the surviving savings association of a merger with an in-state savings association
17 that had been in existence and continuous operation for at least 5 years at the time
18 of the merger or would have been in existence and in continuous operation for at least
19 5 years as of the proposed date of merger, consolidation, or acquisition, if the merger
20 had not taken place.

21 (9) REPORTS. Each savings and loan holding company that controls an in-state
22 savings association or an in-state savings and loan holding company shall submit
23 to the division reports under s. 214.085.

24 (10) PENALTIES. The division may enforce the provisions of this section
25 pursuant to s. 220.04 (9).

1 SECTION 24. 214.155 of the statutes is repealed.

2 SECTION 25. 214.16 of the statutes is repealed.

3 SECTION 26. 214.165 of the statutes is repealed.

4 SECTION 27. 214.17 of the statutes is repealed.

5 SECTION 28. 214.175 of the statutes is repealed.

6 SECTION 29. 214.18 of the statutes is repealed.

7 SECTION 30. 214.185 of the statutes is repealed.

8 SECTION 31. 214.19 of the statutes is repealed.

9 SECTION 32. 214.195 of the statutes is repealed.

10 SECTION 33. 214.54 (1) and (2) of the statutes are amended to read:

11 214.54 (1) Except as provided in sub. (2) and s. 214.49 (4), the total of
12 outstanding loans and extensions of credit, both direct and indirect, made by a
13 savings bank to a single person shall be subject to limits established by rule of the
14 division, but may not exceed 15% 20% of the savings bank's capital.

15 (2) Total outstanding loans and extensions of credit, both direct and indirect,
16 made by a savings bank to a single person may exceed the 15% 20% limit under sub.
17 (1), but may not exceed 25% of the savings bank's capital, if all loans or extensions
18 of credit that exceed the 15% 20% limit are at least 100% secured by readily
19 marketable collateral having a market value that may be determined by reliable and
20 continuously available price quotations.

21 SECTION 34. 214.592 of the statutes is amended to read:

22 **214.592 Financially related services tie-ins.** In any transaction conducted
23 by a savings bank, a savings bank holding company, or a subsidiary of either with
24 a customer who is also a customer of any other subsidiary of any of them, the

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

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

14 SECTION 35. 214.68 of the statutes is repealed and recreated to read:

15 **214.68 Jurisdictional conversion. (1) REORGANIZATION OF A FEDERAL SAVINGS**
16 **BANK OR FEDERAL SAVINGS AND LOAN ASSOCIATION AS A SAVINGS BANK.** (a) A federal
17 savings bank or federal savings and loan association that is authorized to dissolve
18 and that has taken the necessary steps to effect a dissolution may reorganize as a
19 savings bank under this chapter, with the approval of the division and upon the
20 affirmative vote of the shareholders owning a majority of the stock of the federal
21 savings bank or federal savings and loan association entitled to vote, or such greater
22 percentage as may be required in the articles of incorporation or bylaws. The
23 shareholders shall make, execute, and acknowledge articles of incorporation as
24 required under this chapter. A federal savings bank or federal savings and loan
25 association seeking to reorganize under this section shall pay to the division a fee

1 determined by the division, plus the actual costs incurred by the division in
2 investigating the proposed reorganization.

3 (b) Upon the filing of articles of incorporation under this chapter and upon the
4 approval of the division, the federal savings bank or federal savings and loan
5 association is reorganized as a savings bank under this chapter. The reorganization
6 does not cause the existence of the savings bank or savings and loan association to
7 cease. The title to all property owned by the federal savings bank or federal savings
8 and loan association is vested in the reorganized savings bank without reversion or
9 impairment. The reorganized savings bank has all of the liabilities of the federal
10 savings bank or savings and loan association that are in existence at the time of the
11 reorganization. Any civil, criminal, administrative, or investigatory proceeding
12 pending against the federal savings bank or federal savings and loan association
13 may be continued as if the reorganization had not occurred or the reorganized
14 savings bank may be substituted in the proceeding for the federal savings bank or
15 federal savings and loan association that effected the reorganization.

16 (2) REORGANIZATION AS A FEDERAL SAVINGS BANK OR FEDERAL SAVINGS AND LOAN
17 ASSOCIATION. A savings bank organized under this chapter may reorganize under the
18 laws of the United States as a federal savings bank or federal savings and loan
19 association. When the savings bank has obtained a certificate from the federal office
20 of thrift supervision authorizing the savings bank to commence business under the
21 federal banking law, the savings bank is reorganized as a federal savings bank or
22 federal savings and loan association. The reorganization does not cause the
23 existence of the savings bank to cease. The title to all property owned by the savings
24 bank is vested in the federal savings bank or federal savings and loan association
25 without reversion or impairment. The federal savings bank or federal savings and

1 loan association has all of the liabilities of the savings bank that are in existence at
2 the time of the reorganization. Any civil, criminal, administrative, or investigatory
3 proceeding pending against the savings bank may be continued as if the
4 reorganization had not occurred or the federal savings bank or federal savings and
5 loan association may be substituted in the proceeding for the savings bank that
6 effected the reorganization. The reorganized bank or association shall immediately
7 notify the division of the reorganization, and the division shall cancel the charter of
8 the bank or association.

9 **SECTION 36.** 214.725 (1) of the statutes is renumbered 214.725 (1) (a) and
10 amended to read:

11 214.725 (1) (a) ~~At~~ Except as provided in par. (b), at least once every 18 months
12 and more often if necessary, the division shall examine the books, records,
13 operations, and affairs of a savings bank. In the course of the examination, the
14 division may also examine in the same manner any entity, company, or individual
15 that the division determines may have a relationship with the savings bank or a
16 savings bank holding company, savings bank subsidiary, service corporation, or
17 affiliate of the savings bank, if the relationship may adversely affect the affairs,
18 activities, and safety and soundness of the savings bank.

19 **SECTION 37.** 214.725 (1) (b) of the statutes is created to read:

20 214.725 (1) (b) In lieu of any examination under par. (a), the division may
21 accept an examination of the savings bank performed within a reasonable period by
22 a savings association supervisory agency, as defined in s. 214.15 (2) (m), if the
23 division has received a copy of the examination report.

24 **SECTION 38.** 215.01 (6) of the statutes is amended to read:

25 215.01 (6) "Division" means the division of ~~savings institutions~~ banking.

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1 **SECTION 39.** 215.01 (22) of the statutes is amended to read:

2 215.01 (22) "Review board" means the savings and loan institutions review
3 board.

4 **SECTION 40.** 215.02 (title) of the statutes is repealed and recreated to read:

5 **215.02 (title) Powers of the division.**

6 **SECTION 41.** 215.02 (10)(a) 3. of the statutes is amended to read:

7 215.02 (10) (a) 3. An order of removal takes effect on the date issued. A copy
8 of the order shall be served upon the association and upon the officer, director, or
9 employee in the manner provided by law for service of a summons in a court of record
10 or by mailing a copy to the association and officer, director, or employee at their
11 last-known, post-office addresses. Any removal under this subsection has the same
12 effect as if made by the board of directors or the members or stockholders of the
13 association. An officer, director, or employee removed from office or employment
14 under this subsection may not be elected as an officer or director of, or be employed
15 by, an association without the approval of the division and the review board. An
16 order of removal under this subsection is a final order or determination of the review
17 board under s. 215.04 (6) (5).

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18 **SECTION 42.** 215.03 (2) (title) of the statutes is amended to read:

19 215.03 (2) (title) ~~ANNUAL SUPERVISORY~~ SUPERVISORY EXAMINATIONS.

20 **SECTION 43.** 215.03 (2) (a) of the statutes is amended to read:

21 215.03 (2) (a) At least once ~~within~~ every 18-month period, the division shall
22 examine the cash, bills, collaterals, securities, assets, books of account, condition,
23 and affairs of all such associations and for that purpose the division or the division's
24 examiners shall have access to, and may compel the production of, all of their books,
25 papers, securities, and moneys, and administer oaths to and examine their officers

1 and agents as to their affairs. An employee of the division may not examine an
2 association in which the employee is interested as an officer or director.

3 **SECTION 44.** 215.04 of the statutes is repealed and recreated to read:

4 **215.04 Review board. (1) DUTIES.** The review board shall do all of the
5 following:

6 (a) Advise the division on matters related to this chapter.

7 (b) Review the acts, orders, and determinations of the division.

8 (c) Act on any matters pertaining to this chapter that are submitted to it by the
9 division.

10 (d) Perform other review functions relating to this chapter.

11 (e) Conduct hearings and take testimony, and subpoena and swear witnesses
12 at such hearings. The review board shall have the subpoena powers under s. 885.01

13 (4).

14 **(2) APPEARANCES.** An interested party may appear at a proceeding of the review
15 board and may participate in the examination of witnesses and present evidence.

16 **(3) WITNESS FEES.** A person who causes a witness to be subpoenaed shall
17 advance the fees and mileage expense of the witness. Witness fees shall be the same
18 as fees under s. 814.67 (1) (b) and (c). The fees of witnesses who are called by
19 the review board in the interests of the state shall be paid by the state upon
20 presentation of proper vouchers approved by the chairperson of the review board and
21 charged to the appropriation under s. 20.144 (1) (g).

22 **(4) REVIEW OF ACTS, ORDERS, OR DETERMINATIONS.** Any interested person or a
23 savings association aggrieved by any act, order, or determination of the division,
24 which relates to savings and loan associations, may, within 20 days after receipt or
25 service of a copy of the act, order, or determination, file a written notice requesting

1 the review board's review of the division's act, order, or determination. The review
2 of the division's decision shall be solely to determine if the division acted within the
3 scope of the division's authority and did not act in an arbitrary or capricious manner
4 and to determine if the act, order, or determination of the division is supported by
5 substantial evidence in view of the entire record as submitted. The review of
6 applications for new charters, branch offices, or relocation of offices shall be based
7 exclusively on the record and new evidence may not be taken by the review board.
8 Requests for review under this subsection shall be considered and disposed of as
9 speedily as possible.

10 (5) REVIEW. A determination of the review board is subject to review under ch.
11 227. If an act, order, or determination of the division is reversed or modified by the
12 review board, the division shall be considered to be a person aggrieved and directly
13 affected by the decision under s. 227.53 (1). ✓

14 (6) BOARD MEMBER NOT TO ACT. A member of the review board may not act on
15 any matter involving a savings and loan association or savings and loan holding
16 company of which the member is an officer, director, employee, or agent.

17 SECTION 45. 215.13 (39) of the statutes is amended to read:

18 ~~215.13 (39) BRANCHES. Subject to the approval of the division, any savings and
19 loan association may establish and maintain one or more branch offices within the
20 normal lending area of the home office, as defined in s. 215.21 (2), in this state or in
21 any one of the regional states, as defined in s. 215.36 (1) (f). In the division's approval,
22 the division may limit the powers of the branch. Savings and loan associations may
23 promote thrift in their local schools by accepting payments in the school upon savings
24 accounts of the teachers and pupils.~~

25 SECTION 46. 215.141 of the statutes is amended to read:

1 **215.141 Financially related services tie-ins.** In any transaction conducted
2 by an association, a savings and loan holding company, or a subsidiary of either with
3 a customer who is also a customer of any other subsidiary of any of them, the
4 customer shall be given a notice in 12-point boldface type in substantially the
5 following form:

6 **NOTICE OF RELATIONSHIP**

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

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

18 ~~SECTION 47. 215.21 (5) (a) of the statutes is amended to read:~~

19 ~~215.21 (5) (a) The aggregate of loans that an association may make to any one~~
20 ~~borrower is subject to such limits as determined and prescribed by the division and~~
21 ~~review board, but not exceeding 10% 20% of the aggregate savings accounts or the~~
22 ~~net worth of the association, whichever is less.~~

23 ~~SECTION 48. 215.36 of the statutes is repealed and recreated to read:~~

24 ~~**215.36 Acquisitions of savings associations and savings and loan**~~
25 ~~**holding companies. (1) APPLICABILITY. This section applies to acquisitions of an**~~

1 in-state savings association or an in-state savings and loan holding company by any
2 company.

3 (2) DEFINITIONS. In this section:

4 (a) "Affiliate" has the meaning given in 12 USC 1467a (a) (1) (H).

5 (b) "Company" means a savings and loan holding company and any other entity
6 defined as a company under 12 USC 1467 (a) (1) (C).

7 (c) "Control" shall be interpreted consistently with 12 USC 1467a (a) (2).

8 (d) "Deposit" has the meaning given in 12 USC 1813 (L).

9 (e) "Depository institution" means any insured depository institution under 12
10 USC 1813 (c) (2) and (3).

11 (f) "Foreign savings and loan holding company" means a savings and loan
12 holding company that is organized under the laws of a country other than the United
13 States or any territory or possession of the United States.

14 (g) "In-state savings and loan holding company" means a savings and loan
15 holding company that has its principal place of business in this state.

16 (h) "In-state savings association" means a savings association that is
17 organized under this chapter, or a savings association organized under federal law
18 and having its principal place of business in this state.

19 (i) "Out-of-state savings and loan holding company" means a savings and loan
20 holding company that is not an in-state savings and loan holding company, except
21 that if the context requires "out-of-state savings and loan holding company" does not
22 include a foreign savings and loan holding company.

23 (j) "Principal place of business" of a savings and loan holding company means
24 the state in which the total deposits of its savings association subsidiaries are the
25 greatest.

1 (k) "Savings and loan holding company" means an in-state savings and loan
2 holding company, an out-of-state savings and loan holding company, and a foreign
3 savings and loan holding company, unless the context requires otherwise, and any
4 other entity defined as a savings and loan holding company under 12 USC 1467a (a)
5 (1) (D).

6 (L) "Savings association" means a state or federal savings bank and any other
7 entity defined as a savings association under 12 USC 1813 (b).

8 (m) "Savings association supervisory agency" means the federal office of thrift
9 supervision, the Federal Deposit Insurance Corporation, or any successor to these
10 agencies, or any agency of another state with primary responsibility for chartering
11 and supervising savings associations.

12 (n) "Subsidiary" has the meaning given in 12 USC 1813.

13 (3) APPROVAL REQUIREMENTS. (a) Except as provided in par. (b) or as otherwise
14 expressly permitted by federal law, no company may do any of the following without
15 the prior approval of the division:

- 16 1. Merge or consolidate with an in-state savings and loan holding company.
- 17 2. Assume direct or indirect ownership or control of:
 - 18 a. More than 25% of any class of voting shares of an in-state savings and loan
19 holding company or an in-state savings association, if the acquiring company is not
20 a savings and loan holding company prior to the acquisition.
 - 21 b. More than 5% of any class of voting shares of an in-state savings and loan
22 holding company or an in-state savings association, if the acquiring company is a
23 savings and loan holding company prior to the acquisition.
 - 24 c. All or substantially all of the assets of an in-state savings and loan holding
25 company or an in-state savings association.

1 3. Take other action that results in the direct or indirect acquisition of control
2 of an in-state savings and loan holding company or an in-state savings association.

3 (b) The approval of the division is not required for a transaction described
4 under par. (a) 1. to 3., if any of the following applies:

5 1. The transaction is arranged by the division or a savings association
6 supervisory agency to prevent the insolvency or closing of the acquired savings
7 association.

8 2. The transaction is one in which a savings association forms its own savings
9 and loan holding company, if the ownership rights of the former savings association
10 shareholders are substantially similar to those of the shareholders of the new
11 savings and loan holding company.

12 (c) 1. In a transaction in which the division's approval is not required under par.
13 (b), the parties shall give written notice to the division at least 15 days before the
14 effective date of the transaction, unless a shorter period of notice is required under
15 applicable federal law.

16 2. In a transaction in which the division's approval is not required because the
17 transaction is expressly permitted under federal law, if an out-of-state savings
18 association will result from a merger, consolidation, or other transaction involving
19 an in-state savings association, the out-of-state savings association shall give
20 notice to the division of the proposed merger, consolidation, or other transaction no
21 later than the date on which the out-of-state savings association files an application
22 for the proposed merger, consolidation, or other transaction with the applicable
23 federal savings association supervisory agency. The notification shall be
24 accompanied by any filing fee required by the division and shall include all of the
25 following:

1 a. A copy of the application submitted to the federal savings association
2 supervisory agency.

3 b. Evidence that the out-of-state savings association has complied with any
4 applicable requirements under subch. XV of ch. 180.

5 (4) REQUIRED APPLICATION. A company that requires the division's approval
6 under sub. (3) (a) shall do all of the following:

7 (a) File with the division an application in the form that the division requires.

8 (b) Pay to the division an application fee determined by the division.

9 (c) Reimburse the division for all actual costs incurred by the division in
10 making an investigation related to the application under par. (a) and in holding any
11 hearing on the application.

12 (d) Cause to be published a class 3 notice, under ch. 985, in the form prescribed
13 by the division, in the official state newspaper, of the application under par. (a) and
14 of the opportunity for a hearing under sub. (5). If the application is to acquire an
15 in-state savings association, the notice shall also be published in a newspaper of
16 general circulation in the city, village, or town where the home office of the in-state
17 savings association is located.

18 (e) File with the division proof of publication of the notice under par. (d), upon
19 completion of the publication of the notice.

20 (f) If the applicant is an out-of-state savings and loan holding company, submit
21 to the division, with the application, proof that the applicant has complied with, or
22 is exempt from, the requirements of subch. XV of ch. 180.

23 (5) HEARING. (a) Except as provided in par. (b), the division shall hold a hearing
24 on the application under sub. (4) (a) if at least 25 residents of this state petition for
25 a hearing within 30 days after the notice under sub. (4) (d) or if the division, on its

1 own motion, calls for a hearing within 30 days after the notice under sub. (4) (d).
2 Except as provided in par. (b), the division may not approve any transaction under
3 sub. (3) (a) until the later of 30 days after the notice under sub. (4) (d) or 30 days after
4 any hearing required under this paragraph.

5 (b) Paragraph (a) does not apply to a proposed transaction if the division finds
6 that an emergency exists and that the proposed transaction is necessary and
7 appropriate to prevent the probable failure of an in-state savings association.

8 **(6) STANDARDS FOR DISAPPROVAL.** The division may disapprove a transaction that
9 requires the division's approval under sub. (3) (a) if the division finds any of the
10 following:

11 (a) Considering the financial and managerial resources and future prospects
12 of the applicant and of the in-state savings association or in-state savings and loan
13 holding company, the transaction would be contrary to the best interests of the
14 shareholders or customers of the in-state savings association or in-state savings and
15 loan holding company.

16 (b) The action would be detrimental to the safety and soundness of the
17 applicant or of the in-state savings association or in-state savings and loan holding
18 company, or to the safety and soundness of a subsidiary or affiliate of the applicant,
19 the in-state savings association, or the in-state savings and loan holding company.

20 (c) Because the applicant or its executive officers, directors, or principal
21 shareholders have not established a record of sound performance, efficient
22 management, financial responsibility, and integrity, the action would be contrary to
23 the best interests of the depositors, other customers, creditors, or shareholders of the
24 applicant or of the in-state savings association or in-state savings and loan holding
25 company or contrary to the best interests of the public.

1 (d) The applicant has received a rating of “needs to improve record of meeting
2 community credit needs” under 12 USC 2906 (b) (2) (C) or “substantial
3 noncompliance in meeting community credit needs” under 12 USC 2906 (b) (2) (D)
4 by the applicable savings association supervisory agency.

5 (f) The applicant has failed to enter into an agreement, prepared by the
6 division, requiring the applicant to comply with the laws and rules of this state
7 regulating consumer credit finance charges and other charges and related disclosure
8 requirements, except to the extent preempted by federal law.

9 (g) The applicant fails to meet any other standards established by rule of the
10 division.

11 **(7) STATE CONCENTRATION LIMIT.** The division may not approve any transaction
12 that requires the division’s approval under sub. (3) (a) if, upon consummation of the
13 transaction, the applicant would control 30% or more of the total amount of deposits
14 of insured depository institutions in this state.

15 **(8) AGE REQUIREMENT.** (a) Except as provided in pars. (b) and (c), the division
16 may not approve an application by an out-of-state savings and loan holding
17 company that requires the division’s approval under sub. (3) (a) unless each in-state
18 savings association to be merged or consolidated with or acquired, or all in-state
19 savings association subsidiaries of each in-state savings and loan holding company
20 to be merged or consolidated with or acquired, have as of the proposed date of the
21 transaction been in existence and in continuous operation for at least 5 years.

22 (b) The division may approve an application by an out-of-state savings and
23 loan holding company for an acquisition of or merger or consolidation with an
24 in-state savings and loan holding company that owns one or more in-state savings
25 associations that have been in existence for less than 5 years, if the out-of-state

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1 savings and loan holding company divests itself of those in-state savings
2 associations within 2 years after the date of merging or consolidating with or
3 acquiring the in-state savings and loan holding company.

4 (c) Paragraphs (a) and (b) do not apply to an in-state savings association that
5 is the surviving savings association of a merger with an in-state savings association
6 that had been in existence and continuous operation for at least 5 years at the time
7 of the merger or would have been in existence and in continuous operation for at least
8 5 years as of the proposed date of merger, consolidation, or acquisition, if the merger
9 had not taken place.

10 (9) REPORTS. Each savings and loan holding company that controls an in-state
11 savings association or an in-state savings and loan holding company shall submit
12 to the division reports under s. 214.085.

13 (10) PENALTIES. The division may enforce the provisions of this section
14 pursuant to s. 220.04 (9).

15 SECTION ~~49~~. 215.40 (18) of the statutes is amended to read:

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16 215.40 (18) APPEAL BY APPLICANTS AFTER BEING DENIED CERTIFICATE OF AUTHORITY.
17 If the division refuses to grant a certificate of authority to organize an association,
18 and the applicants feel aggrieved thereby, they may appeal to the review board to
19 review the division's determination under s. 215.04 (1) (d) (b) and (4).

20 SECTION 50/ 215.57 of the statutes is repealed and recreated to read:

21 215.57 Jurisdictional conversion of mutual associations. (1)
22 REORGANIZATION OF A FEDERAL MUTUAL ASSOCIATION AS A STATE-CHARTERED ASSOCIATION.
23 (a) A federal mutual association that is authorized to dissolve and that has taken
24 the necessary steps to effect a dissolution may reorganize as a state-chartered
25 association under this chapter, with the approval of the division and upon the

1 affirmative vote of the members owning a majority of the dollar value of savings
2 accounts of the federal mutual association entitled to vote, or such greater
3 percentage as may be required in the articles of incorporation or bylaws. The
4 members shall make, execute, and acknowledge articles of incorporation as required
5 under this chapter. A federal mutual association seeking to reorganize under this
6 section shall pay to the division a fee determined by the division, plus the actual costs
7 incurred by the division in investigating the proposed reorganization.

8 (b) Upon the filing of articles of incorporation under this chapter and upon the
9 approval of the division, the federal mutual association is reorganized as a
10 state-chartered association under this chapter. The reorganization does not cause
11 the existence of the association to cease. The title to all property owned by the federal
12 mutual association is vested in the reorganized association without reversion or
13 impairment. The reorganized association has all of the liabilities of the federal
14 mutual association that are in existence at the time of the reorganization. Any civil,
15 criminal, administrative, or investigatory proceeding pending against the federal
16 mutual association may be continued as if the reorganization had not occurred or the
17 reorganized association may be substituted in the proceeding for the federal mutual
18 association.

19 (2) REORGANIZATION AS A FEDERALLY CHARTERED ASSOCIATION. A state-chartered
20 mutual association organized under this chapter may reorganize under the laws of
21 the United States as a federal association. When the state-chartered mutual
22 association has obtained a certificate from the federal office of thrift supervision
23 authorizing the state-chartered mutual association to commence business under the
24 federal law, the state-chartered mutual association is reorganized as a federal
25 association. The reorganization does not cause the existence of the association to

1 cease. The title to all property owned by the state-chartered mutual association is
2 vested in the federal association without reversion or impairment. The federal
3 association has all of the liabilities of the state-chartered mutual association that
4 are in existence at the time of the reorganization. Any civil, criminal, administrative,
5 or investigatory proceeding pending against the state-chartered mutual association
6 may be continued as if the reorganization had not occurred or the federal association
7 may be substituted in the proceeding for the state-chartered mutual association.
8 The reorganized association shall immediately notify the division of the
9 reorganization, and the division shall cancel the charter of the association.

10 **SECTION 51.** 215.77 of the statutes is repealed and recreated to read:

11 **215.77 Jurisdictional conversion of capital stock associations. (1)**

12 REORGANIZATION OF A FEDERAL STOCK ASSOCIATION AS A STATE-CHARTERED STOCK
13 ASSOCIATION. (a) A federal stock association that is authorized to dissolve and that
14 has taken the necessary steps to effect a dissolution may reorganize as a
15 state-chartered stock association under this chapter, with the approval of the
16 division and upon the affirmative vote of the shareholders owning a majority of the
17 stock of the federal stock association entitled to vote, or such greater percentage as
18 may be required in the articles of incorporation or bylaws. The shareholders shall
19 make, execute, and acknowledge articles of incorporation as required under this
20 chapter. A federal stock association seeking to reorganize under this section shall
21 pay to the division a fee determined by the division, plus the actual costs incurred
22 by the division in investigating the proposed reorganization.

23 (b) Upon the filing of articles of incorporation under this chapter and upon the
24 approval of the division, the federal stock association is reorganized as a
25 state-chartered stock association under this chapter. The reorganization does not

1 cause the existence of the association to cease. The title to all property owned by the
2 federal stock association is vested in the reorganized association without reversion
3 or impairment. The reorganized association has all of the liabilities of the federal
4 stock association that are in existence at the time of the reorganization. Any civil,
5 criminal, administrative, or investigatory proceeding pending against the federal
6 stock association may be continued as if the reorganization had not occurred or the
7 reorganized association may be substituted in the proceeding for the federal stock
8 association.

9 (2) REORGANIZATION AS A FEDERAL STOCK ASSOCIATION. A state-chartered stock
10 association organized under this chapter may reorganize under the laws of the
11 United States as a federal stock association. When the state-chartered stock
12 association has obtained a certificate from the federal office of thrift supervision
13 authorizing the state-chartered stock association to commence business under the
14 federal law, the state-chartered stock association is reorganized as a federal stock
15 association. The reorganization does not cause the existence of the association to
16 cease. The title to all property owned by the state-chartered stock association is
17 vested in the federal association without reversion or impairment. The federal
18 association has all of the liabilities of the state-chartered stock association that are
19 in existence at the time of the reorganization. Any civil, criminal, administrative,
20 or investigatory proceeding pending against the state-chartered stock association
21 may be continued as if the reorganization had not occurred or the federal association
22 may be substituted in the proceeding for the state-chartered stock association. The
23 reorganized association shall immediately notify the division of the reorganization,
24 and the division shall cancel the charter of the association.

25 SECTION 52. 220.02 (2) (e) and (f) of the statutes are created to read:

1 220.02 (2) (e) Savings banks under ch. 214.

2 (f) Savings and loan associations under ch. 215.

3 SECTION 53. 220.02 (3) of the statutes is amended to read:

4 220.02 (3) It is the intent of sub. (2) to give the division jurisdiction to enforce
5 and carry out all laws relating to banks or banking in this state, including those
6 relating to state banks, savings banks, savings and loan associations, and trust
7 company banks, and also all laws relating to small loan companies or other loan
8 companies or agencies, finance companies, motor vehicle dealers, adjustment service
9 companies, community currency exchanges, and collection agencies and those
10 relating to sellers of checks under ch. 217, whether doing business as corporations,
11 individuals, or otherwise, but to exclude laws relating to credit unions.

12 SECTION 54. 220.06 (1) of the statutes is amended to read:

13 220.06 (1) In this section "licensee" means a person licensed by the division
14 under ch. 138, 217, or 218 or under s. 224.92 or registered by the division under ch.
15 224.

16 SECTION 55. 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
20 its 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
25 which has its principal place of business outside this state to conduct banking

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

9 **SECTION 56.** 221.0321 (5) of the statutes is amended to read:

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

19 **SECTION 57.** 223.105 (3) (a) of the statutes is amended to read:

20 223.105 (3) (a) To assure compliance with such rules as may be established
21 under s. 220.04 (7), the division of banking, and the office of credit unions ~~and the~~
22 ~~division of savings institutions~~ shall, at least once every 18 months, examine the
23 fiduciary operations of each organization which is under its respective jurisdiction
24 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 58.** 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, or the office of credit unions or the division of savings institutions of that
8 fact, directing the notice to the agency then exercising regulatory authority over the
9 organization or, if there is none, to the division of banking. Any organization which
10 intends to engage in fiduciary operations shall, prior to engaging in such operations,
11 notify the appropriate agency of this intention. The notifications required under this
12 subsection shall be on forms and contain information required by the rules
13 promulgated by the division of banking.

14 **SECTION 59.** 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 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 60.** 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 institutions, a savings bank or savings and loan
25 association regulated by the division of banking, or an organization authorized by

1 the division of banking to operate as a bank or trust company under ch. 221 or this
 2 chapter, an organization may not begin activity as a fiduciary operation under this
 3 section after May 12, 1992. An organization engaged in fiduciary operations under
 4 this section on May 12, 1992, may continue to engage in fiduciary operations after
 5 that date.

6 **SECTION 61.** 224.74 (2) (b) of the statutes is amended to read:

7 224.74 (2) (b) *Confidentiality.* ~~Examination reports and correspondence~~
 8 ~~regarding the reports are confidential, except that the division may release~~
 9 ~~examination reports and correspondence in connection with a disciplinary~~
 10 ~~proceeding conducted by the division, a liquidation proceeding or a criminal~~
 11 ~~investigation or proceeding~~ Examinations under par. (a) are subject to s. 220.06.

12 **SECTION 62.** 227.52 (3) of the statutes is amended to read:

13 227.52 (3) Those decisions of the division of banking that are subject to review,
 14 prior to any judicial review, by the banking review board, and decisions of the division
 15 of banking relating to savings banks or savings and loan associations, but no other
 16 institutions subject to the jurisdiction of the division of banking.

17 **SECTION 63.** 227.52 (5) of the statutes is repealed.

18 **SECTION 64.** 227.53 (1) (a) 1. of the statutes is amended to read:

19 227.53 (1) (a) 1. Proceedings for review shall be instituted by serving a petition
 20 therefor personally or by certified mail upon the agency or one of its officials, and
 21 filing the petition in the office of the clerk of the circuit court for the county where
 22 the judicial review proceedings are to be held. If the agency whose decision is sought
 23 to be reviewed is the tax appeals commission, the banking review board, the credit
 24 union review board, or the savings and loan institutions review board ~~or the savings~~
 25 ~~bank review board~~, the petition shall be served upon both the agency whose decision

1 is sought to be reviewed and the corresponding named respondent, as specified under
2 par. (b) 1. to ~~5.~~ [✓] 4. ✓

3 **SECTION 65.** 227.53 (1) (b) 4. of the statutes is amended to read:

4 227.53 (1) (b) 4. The savings and loan institutions review board, the division
5 of ~~savings institutions~~ banking, except if the petitioner is the division of savings
6 institutions banking, the prevailing parties before the savings and loan institutions
7 review board shall be the named respondents.

8 **SECTION 66.** 227.53 (1) (b) [✓]5. of the statutes is repealed.

9 **SECTION 67.** 227.53 (1) (d) of the statutes is amended to read:

10 227.53 (1) (d) Except in the case of the tax appeals commission, the banking
11 review board, the credit union review board, and the savings and loan institutions
12 review board ~~and the savings bank review board~~, the agency and all parties to the
13 proceeding before it, shall have the right to participate in the proceedings for review.
14 The court may permit other interested persons to intervene. Any person petitioning
15 the court to intervene shall serve a copy of the petition on each party who appeared
16 before the agency and any additional parties to the judicial review at least 5 days
17 prior to the date set for hearing on the petition.

18 **SECTION 68.** 230.08 (2) (e) 4f. of the statutes is amended to read:

19 230.08 (2) (e) 4f. Financial institutions — ~~4~~ [✓] 3.

20 **SECTION 69.** 552.23 (1) of the statutes is amended to read:

21 552.23 (1) If the target company is an insurance company subject to regulation
22 by the commissioner of insurance, a banking corporation ~~subject to regulation by the~~
23 ~~division of banking, a~~, savings bank, or savings and loan association subject to
24 regulation by the division of ~~savings institutions~~ banking, or a company subject to
25 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 SECTION 70. 813.16 (7) of the statutes is amended to read:

8 813.16 (7) If the person seeking the appointment of a receiver under sub. (1)
 9 is a savings and loan association or savings bank supervised by the division of
 10 banking or a corporation supervised by the division of savings institutions, home
 11 loan bank board, U.S. federal 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 9120 SECTION ~~70~~. Nonstatutory provisions. financial institutions

16 (1) REVIEW BOARD TRANSITIONAL PROVISIONS

17 (a) *Current members of savings bank review board and savings and loan review*
 18 *board.* Notwithstanding section 15.07 (1) (c) of the statutes and section 15.185 (3) ✓
 19 and (4), ~~1999~~ 2001 stats., the terms of office of all members of the savings bank review
 20 board and all members of the savings and loan review board terminate on the
 21 effective date of this paragraph.

22 (b) *Initial members of savings institutions review board.* Notwithstanding
 23 section 15.185 (3) of the statutes, as affected by this act, the terms of office of the
 24 members initially appointed to the savings institutions review board terminate as
 25 follows:

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- 1. ~~Four~~ ^{Two} members, on May 1, 200~~7~~ ²⁰⁰⁷.
- 2. Three members, on May 1, 200~~7~~ ²⁰⁰⁹.

(2) TRANSITIONAL PROVISIONS.

[#](a) *Rules and orders.* All rules promulgated by the division of savings institutions that are in effect on the effective date of this paragraph shall become rules of the division of banking and shall remain in effect until their specified expiration dates or until amended or repealed by the division of banking. All orders issued by the division of savings institutions that are in effect on the effective date of this paragraph shall become orders of the division of banking and shall remain in effect until their specified expiration dates or until modified or rescinded by the division of banking.

[#](b) *Contracts.* All contracts entered into by the division of savings institutions in effect on the effective date of this paragraph remain in effect and are transferred to the division of banking. The division of banking shall carry out any obligations under such a contract until the contract ^{expires or} is modified or rescinded by the division of banking to the extent allowed under the contract.

[#](c) *Pending matters.* Any matter pending with the division of savings institutions on the effective date of this paragraph is transferred to the division of banking and all materials submitted to or actions taken by the division of savings institutions with respect to the pending matter are considered as having been submitted to or taken by the division of banking.

SECTION 72. Appropriation changes.
 (1) In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of financial institutions under section 20.144 (1) (g) of the statutes, as affected by the acts of 2001, the dollar amount is decreased by \$0 for fiscal year

Lead ms >

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4177/P1dn
RJM:kmg:ch

April 1, 2002

Kate Mawdsley

Please review the

Lisa Roys:

Attached is the savings institutions draft that you requested. The draft is currently ~~in preliminary form, pending your approval of the draft and the resolution of any issues~~ noted below.

1. Please review proposed ss. 223.105 (6), 227.52 (3) and (5), and 813.16 (7) to ensure that they make sense and accomplish your intent. In each case, I tried to describe the applicable subset of the division of banking's authority, in order to maintain the effect of current law.

2. Please review the treatment of s. 224.74 (2) (b), stats., which is intended to reconcile that statute with the requested treatment of proposed s. 220.06 (1). Also, please review the treatment of proposed s. 220.06 (1), which I modified in order to more accurately reflect the status of mortgage professionals under ch. 224.

3. Please review proposed s. 214.725 (1) (b). I shortened the provision somewhat and want to make sure that I didn't inadvertently alter the intended result.

4. I have included some nonstatutory, transitional provisions in the back of the bill. Please review these provisions and let me know if you desire any changes. I did not include any provisions transferring employees, assets, and liabilities, and tangible personal property to the division of banking because I assume all employees are employed by, and all assets and liabilities are in the name of, DFI.

With regard to the terms of office for the initial members of the savings institutions review board, s. 15.07 (1) (c), stats., requires the terms to expire on May 1 of an odd-numbered year. Under this draft, the terms are staggered and expire on May 1, 2005 (4 members), and May 1, 2007 (3 members). Please let me know if you desire any changes.

5. Per my phone conference with Mark Schlei, et. al., I have included new language in the proposed jurisdictional conversion statutes (ss. 214.68, 215.57, and 215.77), in order to more clearly delineate what happens to the assets and liabilities of converting entities and actions pending against those entities. Although similar language exists in s. 214.635, stats., I used the corporate merger provisions of ch. 180 as a model. You may want to include similar language in the proposed statutes dealing with interstate

mergers and acquisitions (ss. 214.15 and 215.36), in order to make an interstate merger or acquisition less costly for the entities involved. For example, without language transferring assets and liabilities as a matter of law, entities entering into such a merger or acquisition will need to draft their own documents of transfer, which could be quite costly given the variety of property and liabilities that need to be transferred to the surviving entity.

6. Please review s. 216.05, stats., which authorizes certain investment associations to perform a jurisdictional conversion in the same manner as state-chartered savings and loan associations. I assume that the procedure created in proposed s. 215.57 works for these investment associations. Please let me know if you desire any changes.

7. Please note the amendment of s. 230.08 (2) (e) 4f., stats., and the corresponding appropriation change. Please let me know the dollar figures needed for the appropriation change or if you intend to handle this issue in a different manner.

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**

LRB-1431/1dn
RJM:kmg:cph

January 15, 2003

Kate Mawdsley:

Attached is the savings institutions draft that you requested. Please review the issues noted below.

1. Please review proposed ss. 223.105 (6), 227.52 (3) and (5), and 813.16 (7) to ensure that they make sense and accomplish your intent. In each case, I tried to describe the applicable subset of the division of banking's authority, in order to maintain the effect of current law.

2. I have included some nonstatutory, transitional provisions in the back of the bill. Please review these provisions and let me know if you desire any changes. I did not include any provisions transferring employees, assets, and liabilities, and tangible personal property to the division of banking because I assume all employees are employed by, and all assets and liabilities are in the name of, DFI.

With regard to the terms of office for the initial members of the savings institutions review board, s. 15.07 (1) (c), stats., requires the terms to expire on May 1 of an odd-numbered year. Under this draft, the terms are staggered and expire on May 1, 2007 (2 members), and May 1, 2009 (3 members). Please let me know if you desire any changes.

Robert J. Marchant
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