



## 2013 SENATE BILL 520

1     **AN ACT** *to repeal* 215.26 (3) and 220.28; *to amend* 13.92 (4) (c), 13.92 (4) (d),  
2           13.92 (4) (e), 13.92 (4) (f), 35.93 (2) (b) 4., 35.93 (2) (c) 1., 35.93 (3), 35.93 (3) (e)  
3           (intro.), 35.93 (3) (e) 1., 186.098 (9m), 186.113 (7), 186.71 (1), 214.75 (4), 214.75  
4           (5) (a), 215.26 (4) (a), 220.285 (1), 227.01 (13) (intro.), 227.10 (2m), 227.11 (2)  
5           (intro.), 227.14 (2) (a) 8., 227.20 (3) (c) and 227.27 (2); and **to create** 13.92 (4)  
6           (bm), 186.118 and 227.265 of the statutes; **relating to:** rule-making  
7           procedures, modifying and repealing various rules promulgated by the  
8           Department of Financial Institutions, providing an exemption from  
9           rule-making procedures, and requiring the exercise of rule-making authority.

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*Analysis by the Legislative Reference Bureau*

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

10           **SECTION 1.** 13.92 (4) (bm) of the statutes is created to read:

**SENATE BILL 520****SECTION 1**

1           13.92 (4) (bm) If 2 or more rules filed under s. 227.20 or modified under s.  
2           227.265 affect the same unit of the Wisconsin administrative code without taking  
3           cognizance of the effect thereon of the other rules and if the legislative reference  
4           bureau finds that there is no mutual inconsistency in the changes made by each such  
5           rule, the legislative reference bureau shall incorporate the changes made by each  
6           rule into the text of the unit and document the incorporation in a note to the unit.  
7           For each such incorporation, the legislative reference bureau shall include in a  
8           correction bill a provision formally validating the incorporation. Section 227.27 (2)  
9           is not affected by printing decisions made by the legislative reference bureau under  
10          this paragraph.

11          **SECTION 2.** 13.92 (4) (c) of the statutes is amended to read:

12          13.92 (4) (c) The legislative reference bureau may insert in the Wisconsin  
13          administrative code a note explaining any change made under par. (b) or (bm).

14          **SECTION 3.** 13.92 (4) (d) of the statutes is amended to read:

15          13.92 (4) (d) Sections 227.114, 227.116, 227.135, and 227.14 to 227.24 do not  
16          apply to any change made by the legislative reference bureau under par. (b) or (bm).

17          **SECTION 4.** 13.92 (4) (e) of the statutes is amended to read:

18          13.92 (4) (e) The legislative reference bureau shall prepare and keep on file a  
19          record of each change made under par. (b) or (bm).

20          **SECTION 5.** 13.92 (4) (f) of the statutes is amended to read:

21          13.92 (4) (f) The legislative reference bureau shall notify the agency involved  
22          of each change made under par. (b) or (bm).

23          **SECTION 6.** 35.93 (2) (b) 4. of the statutes, as affected by 2013 Wisconsin Act 20,  
24          is amended to read:

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1           35.93 (2) (b) 4. Copies of all rules filed with the legislative reference bureau  
2           under s. 227.20 (1) or modified under s. 227.265 since the compilation of the  
3           preceding register, including emergency rules filed under s. 227.24 (3).

4           **SECTION 7.** 35.93 (2) (c) 1. of the statutes, as affected by 2013 Wisconsin Act 20,  
5           is amended to read:

6           35.93 (2) (c) 1. Each chapter of the Wisconsin administrative code that has been  
7           affected by rules filed with legislative reference bureau under s. 227.20 (1) or  
8           modified under s. 227.265, in accordance with sub. (3) (e) 1.

9           **SECTION 8.** 35.93 (3) of the statutes is amended to read:

10          35.93 (3) The legislative reference bureau shall compile and deliver to the  
11          department for printing copy for a register which shall contain all the rules filed  
12          under s. 227.20 or modified under s. 227.265 since the compilation of rules for the  
13          preceding issue of the register was made and those executive orders which are to be  
14          in effect for more than 90 days or an informative summary thereof. The complete  
15          register shall be compiled and published before the first day of each month and a  
16          notice section of the register shall be compiled and published before the 15th day of  
17          each month. Each issue of the register shall contain a title page with the name  
18          “Wisconsin administrative register”, the number and date of the register, and a table  
19          of contents. Each page of the register shall also contain the date and number of the  
20          register of which it is a part in addition to the other necessary code titles and page  
21          numbers. The legislative reference bureau may include in the register such  
22          instructions or information as in the bureau’s judgment will help the user to correctly  
23          make insertions and deletions in the code and to keep the code current.

24          **SECTION 9.** 35.93 (3) (e) (intro.) of the statutes, as affected by 2013 Wisconsin  
25          Act 20, is amended to read:

**SENATE BILL 520****SECTION 9**

1           35.93 (3) (e) (intro.) The legislative reference bureau shall incorporate into the  
2 appropriate chapters of the Wisconsin administrative code each permanent rule filed  
3 with the legislative reference bureau under s. 227.20 (1) or modified under s. 227.265  
4 and, for each chapter of the administrative code affected by a rule, do all of the  
5 following:

6           **SECTION 10.** 35.93 (3) (e) 1. of the statutes, as affected by 2013 Wisconsin Act  
7 20, is amended to read:

8           35.93 (3) (e) 1. Publish the chapter in the appropriate end-of-month register  
9 in accordance with the filing deadline for publication established in the rules  
10 procedures manual published under s. 227.15 (7) ~~or~~, in an end-of-month register  
11 agreed to by the submitting agency and the legislative reference bureau, or, in the  
12 case of a rule modified under s. 227.265, in the end-of-month register for the month  
13 in which the bill modifying the rule is enacted.

14           **SECTION 11.** 186.098 (9m) of the statutes is amended to read:

15           186.098 (9m) PARTICIPATION LOANS. ~~Subject to rules prescribed by the office of~~  
16 ~~credit unions, a~~ A credit union may participate with other lenders in a loan of any  
17 type that the credit union may otherwise make.

18           **SECTION 12.** 186.113 (7) of the statutes is amended to read:

19           186.113 (7) ~~CONDITIONAL SALES CONTRACTS~~ ACQUIRING INTERESTS IN CREDIT SALES  
20 TRANSACTIONS. Purchase or acquire ~~conditional sales contracts or similar~~  
21 ~~instruments executed by~~ interests in credit sales transactions involving credit union  
22 members.

23           **SECTION 13.** 186.118 of the statutes is created to read:

24           **186.118 Incidental powers parity with federal credit unions.** (1) In  
25 addition to any activity or power authorized under ss. 186.098, 186.11, 186.113,

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1 186.115, and 186.235 (21), a credit union organized under s. 186.02 may engage in  
2 any activity or exercise any power that is listed by the office of credit unions under  
3 sub. (2) (a) or (3) (b) 1.

4 (2) (a) The office of credit unions shall promulgate a rule establishing a list of  
5 activities and powers incidental to the business of a credit union that are authorized  
6 for federally chartered credit unions as of the effective date of this paragraph ....  
7 [LRB inserts date].

8 (b) The office of credit unions shall submit the proposed rule under par. (a) to  
9 the legislative reference bureau in an electronic format approved by the legislative  
10 reference bureau, and the legislative reference bureau shall publish the proposed  
11 rule in the notice section of the Wisconsin administrative register under s. 35.93.

12 (c) Sections 227.114 (4) and (6), 227.115, 227.135, 227.137, 227.14 (2) (a) 6., (2g),  
13 (4), and (4m), 227.15, 227.16, 227.17, 227.18, 227.185, 227.19, and 227.30 do not  
14 apply to the office of credit unions in promulgating a rule under par. (a) or to any rule  
15 promulgated by the office of credit unions under par. (a). Guidelines prescribed by  
16 executive order of the governor do not apply to the office of credit unions in  
17 promulgating a rule under par. (a).

18 (3) (a) After the effective date of this paragraph .... [LRB inserts date], if any  
19 activity or power incidental to the business of a credit union that is not listed under  
20 sub. (2) (a) becomes authorized for federally chartered credit unions, within 30 days  
21 after the activity or power becomes authorized the office of credit unions shall make  
22 a determination as to whether the activity or power should also be authorized for  
23 credit unions organized under s. 186.02. In making this determination, the office of  
24 credit unions shall consider the degree to which the following apply with respect to  
25 the activity or power:

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1           1. It is necessary, convenient, or useful for effectively carrying out the mission  
2 or business of a credit union.

3           2. It is the functional equivalent or logical outgrowth of activities or powers that  
4 are part of the mission or business of a credit union.

5           3. It involves risks similar in nature to those already assumed as part of the  
6 business of the credit union and it is not likely to be detrimental to the overall safety  
7 and soundness of the credit union.

8           (b) 1. The office of credit unions shall promulgate a rule adding an activity or  
9 power to the list of activities and powers established under sub. (2) (a) if the office  
10 of credit unions determines under par. (a) that the activity or power authorized for  
11 federally chartered credit unions should also be authorized for credit unions  
12 organized under s. 186.02.

13           2. The office of credit unions shall submit the proposed rule under subd. 1. to  
14 the legislative reference bureau in an electronic format approved by the legislative  
15 reference bureau, and the legislative reference bureau shall publish the proposed  
16 rule in the notice section of the Wisconsin administrative register under s. 35.93.

17           3. Sections 227.114 (4) and (6), 227.115, 227.135, 227.137, 227.14 (2) (a) 6., (2g),  
18 (4), and (4m), 227.15, 227.16, 227.17, 227.18, 227.185, 227.19, and 227.30 do not  
19 apply to the office of credit unions in promulgating a rule under subd. 1. or to any rule  
20 promulgated by the office of credit unions under subd. 1. Guidelines prescribed by  
21 executive order of the governor do not apply to the office of credit unions in  
22 promulgating a rule under subd. 1.

23           (4) The office of credit unions shall publish and maintain on the department  
24 of financial institutions' Internet site the list of activities and powers under sub. (2)  
25 (a).

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1           **(5)** If the office of credit unions promulgates a rule listing an activity or power  
2 as provided in sub. (2) (a) or (3) (b) 1., subs. (2) (b) and (c) and (3) (b) 2. and 3. do not  
3 apply to any subsequent rule modifying or eliminating the listed activity or power.

4           **SECTION 14.** 186.71 (1) of the statutes is amended to read:

5           186.71 (1) Any credit union may cause any or all records kept by such credit  
6 union to be recorded, copied or reproduced by any photostatic, photographic or  
7 miniature photographic process or by optical imaging if the process employed  
8 correctly, accurately and permanently copies, reproduces or forms a medium for  
9 copying, reproducing or recording the original record on a film or other durable  
10 material. A credit union may thereafter dispose of the original record ~~after first~~  
11 ~~obtaining the written consent of the office of credit unions.~~

12           **SECTION 15.** 214.75 (4) of the statutes is amended to read:

13           214.75 (4) The division shall by rule prescribe ~~periods of time for~~ standards by  
14 which savings banks must retain records and ~~after the expiration of which, the~~  
15 ~~savings bank~~ may destroy those records. Liability may not accrue against the  
16 savings bank, the division or this state for destruction of records according to rules  
17 of the division promulgated under this subsection. In an action in which records of  
18 the savings bank may be called in question or demanded, a showing of ~~the expiration~~  
19 ~~of the retention period~~ compliance with the division's standards shall be sufficient  
20 to excuse for failure any inability to produce the records.

21           **SECTION 16.** 214.75 (5) (a) of the statutes is amended to read:

22           214.75 (5) (a) A savings bank may cause records kept by the savings bank to  
23 be recorded, copied or reproduced by any photostatic, photographic or miniature  
24 photographic process or by optical imaging if the process employed correctly,  
25 accurately and permanently copies, reproduces or forms a medium for copying,

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1 reproducing or recording the original record on a film or other durable material. A  
2 savings bank may thereafter dispose of the original record ~~after obtaining the~~  
3 ~~written consent of the division.~~ This subsection, ~~except that part requiring written~~  
4 ~~consent of the division,~~ is applicable to federal savings banks if it does not contravene  
5 federal law.

6 **SECTION 17.** 215.26 (3) of the statutes is repealed.

7 **SECTION 18.** 215.26 (4) (a) of the statutes is amended to read:

8 215.26 (4) (a) Any association may cause any or all records kept by such  
9 association to be recorded, copied or reproduced by any photostatic, photographic or  
10 miniature photographic process or by optical imaging if the process employed  
11 correctly, accurately and permanently copies, reproduces or forms a medium for  
12 copying, reproducing or recording the original record on a film or other durable  
13 material. An association may thereafter dispose of the original record ~~after first~~  
14 ~~obtaining the written consent of the division.~~ This section, ~~excepting the part of it~~  
15 ~~which requires written consent of the division,~~ is applicable to federal associations  
16 insofar as it does not contravene federal law.

17 **SECTION 19.** 220.28 of the statutes is repealed.

18 **SECTION 20.** 220.285 (1) of the statutes is amended to read:

19 220.285 (1) Any state bank, trust company bank, licensee under ss. 138.09,  
20 138.12, 138.14, 218.0101 to 218.0163, 218.02, 218.04, 218.05, 224.72, or 224.725 or  
21 ch. 217 may cause any or all records kept by such bank, licensee, or registered person  
22 to be recorded, copied or reproduced by any photostatic, photographic or miniature  
23 photographic process or by optical imaging if the process employed correctly,  
24 accurately and permanently copies, reproduces or forms a medium for copying,  
25 reproducing or recording the original record on a film or other durable material. A



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1 bank, may thereafter dispose of the original record. A licensee, or registered person  
2 may thereafter dispose of the original record after first obtaining the written consent  
3 of the division. This section, ~~excepting that part of it which requires written consent~~  
4 ~~of the division,~~ is applicable to national banking associations insofar as it does not  
5 contravene federal law.

6 **SECTION 21.** 227.01 (13) (intro.) of the statutes is amended to read:

7 227.01 (13) (intro.) “Rule” means a regulation, standard, statement of policy,  
8 or general order of general application which has the effect of law and which is issued  
9 by an agency to implement, interpret, or make specific legislation enforced or  
10 administered by the agency or to govern the organization or procedure of the agency.  
11 “Rule” includes a modification of a rule under s. 227.265. “Rule” does not include, and  
12 s. 227.10 does not apply to, any action or inaction of an agency, whether it would  
13 otherwise meet the definition under this subsection, which:

14 **SECTION 22m.** 227.10 (2m) of the statutes is amended to read:

15 227.10 (2m) No agency may implement or enforce any standard, requirement,  
16 or threshold, including as a term or condition of any license issued by the agency,  
17 unless that standard, requirement, or threshold is explicitly required or explicitly  
18 permitted by statute or by a rule that has been promulgated in accordance with this  
19 subchapter, except as provided in s. 186.118 (2) (c) and (3) (b) 3. The governor, by  
20 executive order, may prescribe guidelines to ensure that rules are promulgated in  
21 compliance with this subchapter.

22 **SECTION 23.** 227.11 (2) (intro.) of the statutes is amended to read:

23 227.11 (2) (intro.) Rule-making authority is expressly conferred on an agency  
24 as follows:

25 **SECTION 23d.** 227.14 (2) (a) 8. of the statutes is amended to read:

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1           227.14 (2) (a) 8. The place where comments on the proposed rule should be  
2 submitted and the deadline for submitting those comments, if the deadline is known  
3 at the time the proposed rule is submitted to the legislative council staff under s.  
4 227.15 or, for a rule promulgated under s. 186.118 (2) (a) or (3) (b) 1., submitted as  
5 provided in s. 186.118 (2) (b) or (3) (b) 2.

6           **SECTION 23t.** 227.20 (3) (c) of the statutes is amended to read:

7           227.20 (3) (c) That all of the rule-making procedures required by this chapter  
8 were complied with, except as provided in s. 186.118 (2) (c) or (3) (b) 3.

9           **SECTION 24.** 227.265 of the statutes is created to read:

10           **227.265 Repeal or modification of rules.** If a bill to repeal or modify a rule  
11 is enacted, the procedures under ss. 227.114 to 227.21 and 227.26 do not apply.  
12 Instead, the legislative reference bureau shall publish the repeal or modification in  
13 the Wisconsin administrative code and register as required under s. 35.93, and the  
14 repeal or modification shall take effect as provided in s. 227.22.

15           **SECTION 25.** 227.27 (2) of the statutes is amended to read:

16           227.27 (2) The code shall be prima facie evidence in all courts and proceedings  
17 as provided by s. 889.01, but this does not preclude reference to or, in case of a  
18 discrepancy, control over a rule filed with the legislative reference bureau ~~or the~~  
19 ~~secretary of state~~ under s. 227.20 or modified under s. 227.265, and the certified copy  
20 of a rule shall also and in the same degree be prima facie evidence in all courts and  
21 proceedings.

22           **SECTION 26.** DFI-Bkg 9.01 of the administrative code is repealed and recreated  
23 to read:

24           DFI-Bkg 9.01 **Retention of records; destruction of records.** (1) Each  
25 bank shall retain its records in a manner consistent with prudent business practices

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1 and in accordance with this chapter and other applicable state or federal laws, rules,  
2 and regulations. The record retention system utilized must be able to accurately  
3 produce such records.

4 (2) Except where a retention period is required by state or federal laws, rules,  
5 or regulations, a bank may destroy its records subject to the considerations set forth  
6 in sub. (1). In the destruction of records, the bank shall take reasonable precautions  
7 to assure the confidentiality of information in the records.

8 **SECTION 27.** DFI-Bkg 41.01 (intro.) of the administrative code is amended to  
9 read:

10 DFI-Bkg 41.01 **License fee.** (intro.) ~~Except as provided in s. DFI-Bkg 47.04,~~  
11 ~~the~~ The following nonrefundable fees shall be submitted with an application for a  
12 license or renewal of a license under subch. III of ch. 224, Stats.:

13 **SECTION 28.** Chapter DFI-Bkg 47 of the administrative code is repealed.

14 **SECTION 29.** DFI-CU 54.05 (2) (b) 3. of the administrative code is amended to  
15 read:

16 DFI-CU 54.05 (2) (b) 3. A final title letter report showing the status of the  
17 current lien.

18 **SECTION 30.** DFI-CU 57.01 of the administrative code is amended to read:

19 DFI-CU 57.01 **Retention of records.** Each credit union shall retain its  
20 records in a manner consistent with prudent business practices and in accordance  
21 with this chapter and other applicable state or federal laws, rules, and regulations.  
22 The record retention system utilized must be able to accurately produce ~~accurate and~~  
23 ~~verifiable records and include an index to the retained forms.~~ Each credit union shall  
24 retain its records for at least the minimum period specified in the January 1996  
25 edition of the technical publication of the Financial Managers Society, Inc. of

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1 Chicago, Illinois, titled “Financial Institutions Record Retention Manual.” such  
2 records.

3 **SECTION 31.** DFI-CU 57.01 (note) of the administrative code is repealed.

4 **SECTION 32.** DFI-CU 57.03 of the administrative code is amended to read:

5 DFI-CU 57.03 **Destruction of records.** Except where a longer retention  
6 period is required by other state or federal laws, rules, and or regulations, a credit  
7 union may destroy its records at the end of the applicable minimum retention period  
8 determined under subject to the considerations set forth in s. DFI-CU 57.01. In the  
9 destruction of records, the credit union shall take reasonable precautions to assure  
10 the confidentiality of information in the records.

11 **SECTION 33.** DFI-CU 59.03 (1) of the administrative code is amended to read:

12 DFI-CU 59.03 (1) The institutional security must have at least a “AA” rating  
13 by fitch investors service of New York City, or a comparable rating service be rated  
14 by a nationally recognized statistical rating organization in one of its 2 highest rating  
15 categories.

16 **SECTION 34.** DFI-CU 59.03 (6) of the administrative code is renumbered  
17 DFI-CU 59.03 (6) (a) and amended to read:

18 DFI-CU 59.03 (6) (a) An individual credit union may not invest more than  
19 \$50,000 \$100,000, subject to adjustment under par. (b), in securities issued by any  
20 one individual institution without the prior approval of the director of credit unions.

21 **SECTION 35.** DFI-CU 59.03 (6) (b) of the administrative code is created to read:

22 DFI-CU 59.03 (6) (b) 1. In this paragraph, “consumer price index” means the  
23 U.S. consumer price index for all urban consumers, U.S. city average, as determined  
24 by the U.S. department of labor.

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1           2. On July 1 of each even-numbered year beginning on July 1, 2016, the  
2 legislative fiscal bureau shall make a calculation of the percentage difference  
3 between the consumer price index for the 12-month period ending on December 31  
4 of the preceding year and the consumer price index for the 12-month period ending  
5 on December 31 of the year that is 2 years before the preceding year and, if this  
6 percentage difference is a positive number, shall make a calculation of the dollar  
7 amount specified under par. (a) as adjusted by this percentage difference, rounded  
8 to the nearest multiple of \$1,000. The legislative fiscal bureau shall notify the  
9 legislative reference bureau of these calculated amounts, and the legislative  
10 reference bureau shall publish these calculated amounts in the Wisconsin  
11 Administrative Register. If the calculated percentage difference is a positive  
12 number, then on the effective date of the Wisconsin Administrative Register, the  
13 amount under par. (a) is adjusted to reflect the calculated adjusted amount, as  
14 published.

15           **SECTION 36.** DFI-CU 60.01 (title) of the administrative code is amended to  
16 read:

17           DFI-CU 60.01 (title) **Definitions** **Definition**.

18           **SECTION 37.** DFI-CU 60.01 (1) of the administrative code is repealed.

19           **SECTION 38.** DFI-CU 60.01 (2) of the administrative code is renumbered  
20 DFI-CU 60.01 and amended to read:

21           DFI-CU 60.01 “Passbook In this chapter, “passbook savings account” means  
22 any book, statement of account, or similar record in which a running account of all  
23 moneys paid in or withdrawn by a credit union member on a savings account are  
24 recorded.

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1           **SECTION 39.** DFI-CU 60.03 (title) and (1) of the administrative code are  
2 amended to read:

3           DFI-CU 60.03 (title) ~~Certificates of deposit~~ **Term share accounts.** (1) The  
4 board of directors shall establish the policy with regard to maturities and minimum  
5 denominations for each classification of ~~certificates of deposit~~ term share account.  
6 This policy shall be reviewed from time to time as conditions require.

7           **SECTION 39g.** DFI-CU 60.03 (2) of the administrative code is repealed.

8           **SECTION 39r.** DFI-CU 60.03 (3) and (4) of the administrative code are amended  
9 to read:

10           (3) At the option of the credit union, additional deposits may be permitted to  
11 ~~certificate of deposit~~ term share accounts without extending the original maturity  
12 of the ~~certificate~~ term share account.

13           (4) The information contained in s. DFI-CU 60.06 shall be disclosed on all  
14 ~~certificates of deposit~~ term share accounts or accompanying disclosure forms.

15           **SECTION 40.** DFI-CU 60.05 (1) and (2) of the administrative code are amended  
16 to read:

17           DFI-CU 60.05 (1) The board of directors shall establish the policy with regard  
18 to the penalties for early withdrawal from ~~certificate of deposit~~ term share accounts  
19 or passbook savings accounts with stated maturities. ~~Early withdrawal penalties~~  
20 ~~may be enforced up to the maximum permitted by the depository institutions~~  
21 ~~deregulation committee for similar types of accounts held in banks and savings and~~  
22 ~~loan associations.~~ If early withdrawal penalties are enforced by a credit union, these  
23 penalties shall be applied in a consistent manner to all accounts of a similar  
24 classification. This policy shall state the conditions under which penalties may be  
25 waived or modified.

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1           (2) Penalties imposed for early withdrawal from ~~eertificate of deposit~~ term  
2 share accounts or passbook savings accounts with maturities may be deducted from  
3 the principal amount of the ~~eertificate or~~ account balance.

4           **SECTION 41.** DFI-CU 60.06 of the administrative code is amended to read:

5           DFI-CU 60.06 **Credit union dissolution.** The liability for dividends  
6 declared by the board of directors on ~~certificate of deposit~~ term share accounts and  
7 passbook savings accounts shall terminate without penalty to the credit union upon  
8 the credit union entering an involuntary dissolution procedure, or if the director  
9 shall take possession of the credit union under s. 186.235 (11), Stats. Upon  
10 dissolution, the director shall determine the priority of payout of the various  
11 classifications of savings.

12           **SECTION 42.** DFI-CU 61 (title) of the administrative code is amended to read:

13           DFI-CU 61 (title) **CREDIT UNION PURCHASE OR ACQUISITION OF**  
14 **~~CONDITIONAL SALES CONTRACTS OR SIMILAR INSTRUMENTS~~**  
15 **~~EXECUTED BY CREDIT UNION MEMBERS~~ INTERESTS IN CREDIT**  
16 **SALES TRANSACTIONS**

17           **SECTION 43.** DFI-CU 61.01 (1) of the administrative code is renumbered  
18 DFI-CU 61.01 and amended to read:

19           DFI-CU 61.01 **Limitations.** Subject to the following minimum requirements,  
20 credit unions with assets of \$1,000,000 or more may purchase or acquire ~~conditional~~  
21 ~~sales contracts or similar instruments executed~~ interests in credit sales transactions  
22 entered into by their members. Credit unions with assets of less than \$1,000,000  
23 may do so ~~subject to the following minimum requirements,~~ only with the prior,  
24 written approval of the director.

**SENATE BILL 520****SECTION 44**

1           **SECTION 44.** DFI-CU 61.02 (1) and (2) of the administrative code are amended  
2 to read:

3           DFI-CU 61.02 (1) The maximum interest rate (finance charge) chargeable to  
4 the member-borrower by a seller ~~on a conditional sales contract or similar~~  
5 ~~instrument sold to~~ in a credit sales transaction involving a credit union shall not  
6 exceed that permitted by s. 422.201, Stats. ~~On such contracts~~ In such transactions,  
7 neither the seller nor the credit union, in the aggregate, may directly benefit by  
8 interest charges, including “Time Price Differential”, processing or service fees by an  
9 amount in excess of that permitted by s. 422.201, Stats.

10           (2) The interest rate or finance charges ~~on conditional sales contracts and~~  
11 ~~similar instruments~~ in credit sales transactions and on all loans shall be calculated  
12 and applied on a simple interest basis on the unpaid balance. “Add-on” or “Discount”  
13 interest rates on ~~purchased contracts~~ interests in these transactions and on other  
14 credit union loans are not permitted.

15           **SECTION 45.** DFI-CU 61.03 (1), (2) and (3) of the administrative code are  
16 amended to read:

17           DFI-CU 61.03 (1) Subject to the discretion of the board of directors a portion  
18 of interest charges (finance charges) on ~~purchased contracts~~ interests in credit sales  
19 transactions may be shared by the credit union with the seller subject, however, to  
20 s. DFI-CU 61.02.

21           (2) When interest income (finance charges) is shared with the seller, on  
22 ~~contracts~~ interests in credit sales transactions purchased with recourse, the credit  
23 union shall establish as a liability on its records, a dealer reserve. This reserve shall  
24 be adjusted and negotiated with the seller at least annually on the basis of the  
25 interest which has been accrued or earned.



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1           **(3)** On ~~contracts~~ interests in credit sales transactions purchased without  
2 recourse, the shared interest (finance charges) paid to the seller must be set up as  
3 a deferred charge and applied at least semi-annually to the income received on those  
4 ~~contracts~~ interests.

5           **SECTION 46.** DFI-CU 61.04 of the administrative code is amended to read:

6           DFI-CU 61.04 **Dealer financial statements.** Credit unions purchasing  
7 member ~~contracts~~ interests in credit sales transactions made with recourse must  
8 secure annual sworn financial statements from each participating seller until the  
9 purchased ~~contracts~~ interests have been paid. These sworn financial statements are  
10 to be retained by the credit union for review by departmental examiners.

11           **SECTION 47.** Chapter DFI-CU 65 of the administrative code is repealed.

12           **SECTION 48.** DFI-CU 66.02 (2) (note) of the administrative code is repealed.

13           **SECTION 49m.** Chapter DFI-CU 67 of the administrative code is repealed.

14           **SECTION 55.** DFI-CU 68.02 (note) of the administrative code is repealed.

15           **SECTION 56.** DFI-CU 68.03 (2) of the administrative code is amended to read:

16           DFI-CU 68.03 (2) “Authorized depository financial institution” means any  
17 bank ~~insured by the federal deposit insurance corporation~~ or savings and loan  
18 association insured by the federal ~~savings and loan~~ deposit insurance corporation.

19           **SECTION 57.** DFI-CU 68.06 (2) of the administrative code is amended to read:

20           DFI-CU 68.06 **(2)** AUTHORIZED DEPOSITORY FINANCIAL INSTITUTIONS. A credit  
21 union may invest in deposit accounts of any authorized depository financial  
22 institution, provided the aggregate investment per institution shall not exceed the  
23 greater of the deposit insurance limit under federal deposit insurance corporation ~~or~~  
24 ~~federal savings and loan insurance corporation~~ or 1/2 the unimpaired balance of the

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1 credit union's regular reserve unless the director of credit unions approves  
2 investment by the credit union exceeding this amount.

3 **SECTION 58.** Chapter DFI-CU 70 of the administrative code is repealed.

4 **SECTION 59.** DFI-CU 72.12 and 72.13 of the administrative code are repealed.

5 **SECTION 60d.** Chapter DFI-CU 74 (title) of the administrative code is amended  
6 to read:

7 **Chapter DFI-CU 74**

8 **INCIDENTAL POWERS ACTIVITY**

9 **~~AUTHORITY PARITY WITH FEDERAL~~**

10 **~~CREDIT UNIONS – DEBT CANCELLATION~~**

11 **CONTRACTS AND DEBT SUSPENSION**

12 **AGREEMENTS**

13 **SECTION 60h.** DFI-CU 74.01 of the administrative code is repealed.

14 **SECTION 60j.** DFI-CU 74.02 (7) of the administrative code is repealed.

15 **SECTION 60p.** DFI-CU 74.03 of the administrative code is amended to read:

16 DFI-CU 74.03 **Debt cancelation contracts and debt suspension**  
17 **agreements.** A credit union may provide debt cancellation contracts and debt  
18 suspension agreements as an incidental powers activity in the same manner and to  
19 the same extent that the products are provided by federally-chartered credit unions.

20 **SECTION 60t.** DFI-CU 74.09 of the administrative code is amended to read:

21 DFI-CU 74.09 **Safety and soundness.** A credit union shall manage the risks  
22 associated with debt cancellation contracts and debt suspension agreements in  
23 accordance with safety and soundness principles. A credit union shall establish and  
24 maintain effective risk management and control processes over its debt cancellation  
25 contracts and debt suspension agreements. The processes include appropriate

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1 recognition and financial reporting of income, expenses, assets and liabilities, and  
2 appropriate treatment of all expected and unexpected losses associated with the  
3 products. A credit union shall assess the adequacy of its internal control and risk  
4 mitigation activities in view of the nature and scope of its debt cancellation contract  
5 and debt suspension agreement programs. The director may limit, restrict or  
6 prohibit a credit union from ~~utilizing any incidental power~~ providing debt  
7 cancellation contracts and debt suspension agreements if examination results  
8 indicate that the credit union is conducting its business in an unauthorized or unsafe  
9 manner or is violating any of the provisions of this chapter.

10 **SECTION 61.** DFI-SL 6.01 of the administrative code is amended to read:

11 DFI-SL 6.01 **Destruction of records.** Except where a longer retention period  
12 is required by another state or federal agency ~~having jurisdiction over the~~  
13 ~~association, the division authorizes the destruction of records at the end of the~~  
14 ~~applicable minimum retention period determined under~~ laws, rules, or regulations,  
15 an association may destroy its records subject to the considerations set forth in s.  
16 DFI-SL 6.03. In the destruction of records, the association shall take reasonable  
17 precautions ~~should be taken~~ to assure the confidentiality of members' accounts  
18 information in the records.

19 **SECTION 62.** DFI-SL 6.03 of the administrative code is amended to read:

20 DFI-SL 6.03 **Records retention requirements.** Each association shall  
21 retain its records in a manner consistent with prudent business practices and in  
22 accordance with this chapter and ~~the~~ other applicable state or federal laws, rules or,  
23 and regulations of state or federal agencies. ~~Each association shall retain its records~~  
24 ~~for the minimum period specified in the technical publication of the Financial~~  
25 ~~Managers Society, Inc. of Chicago, Illinois, titled "Records Retention Guidelines" and~~

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1 ~~dated July 1986. The record retention system utilized must be able to accurately~~  
2 ~~produce such records.~~

3 **SECTION 63.** DFI-SB 6.01 of the administrative code is amended to read:

4 DFI-SB 6.01 **Retention of records.** Each savings bank shall retain its  
5 records in a manner consistent with prudent business practices and in accordance  
6 with this chapter and the other applicable state or federal laws, rules of state  
7 agencies, and regulations of federal agencies. ~~Each savings bank shall retain its~~  
8 ~~records for the minimum period specified in the technical publication of the Financial~~  
9 ~~Managers Society, Inc. of Chicago, Illinois, titled "Records Retention Guidelines" and~~  
10 ~~dated 1992. The record retention system utilized must be able to accurately produce~~  
11 ~~such records.~~

12 **SECTION 64.** DFI-SB 6.01 (second note) of the administrative code is repealed.

13 **SECTION 65.** DFI-SB 6.03 of the administrative code is amended to read:

14 DFI-SB 6.03 **Destruction of records.** Except where a longer retention period  
15 is required by another state or federal agency ~~having jurisdiction over the savings~~  
16 ~~bank laws, rules, or regulations,~~ a savings bank may destroy its records ~~at the end~~  
17 ~~of the applicable minimum retention period determined under~~ subject to the  
18 considerations set forth in s. DFI-SB 6.01. In the destruction of records, the savings  
19 bank shall take reasonable precautions to assure the confidentiality of information  
20 in the records.

21 **SECTION 66.** DFI-SB 6.05 (1) of the administrative code is amended to read:

22 DFI-SB 6.05 (1) **MICROPHOTOGRAPHY STANDARDS.** Microphotography may be  
23 used to commit a savings bank's records to microfilm. The film used shall be of a  
24 quality which permits it to be legible for ~~at least the retention periods under~~ s.  
25 ~~DFI-SB 6.01~~ as long as the records are retained.

