

## Report From Agency

### STATE OF WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS

#### **RULE REPORT TO THE LEGISLATURE** **Clearinghouse Rule 20-052**

Repealing and amending outdated and obsolete sections of the Wisconsin Administrative Code dealing with Credit Unions, DFI-CU sections 54.03 (4), 56.03, 56.05, chapters 57 and 58, sections 63.01 and 63.03, and chapters 66 and 73

**Attached:** Proposed rule, fiscal estimate and economic impact analysis and Clearinghouse report to agency.

**Governor's approval:** The governor approved this rule January 28, 2021.

**Basis and purpose of the proposed rule:** The Department of Financial Institutions, Office of Credit Unions, proposes an order to repeal DFI-CU chapters 57 and 58, section 63.03, and chapters 66 and 73 of the Wisconsin Administrative Code; amend DFI-CU sections 56.03, 56.05, and 63.01; and create section DFI-CU 54.03(4).

The proposed rule order seeks to modernize and clarify certain rules, while eliminating provisions that have become unnecessary due to changes in the law or business practices.

The proposed revisions would repeal or amend outdated sections of the Wisconsin Administrative Code governing credit unions, as follows:

- (1) Amends DFI-CU 56.03 to eliminate paper-filing requirements and to extend (from 30 to 60 days) the time by which an adverse determination may be appealed to the Credit Union Review Board, which makes the rule consistent with Wis. Stat. s. 186.015(5).
- (2) Amends DFI-CU 56.05 to authorize filing of documents by email.
- (3) Repeals DFI-CU chs. 57 and 73, which are unnecessary because they are less stringent than parallel federal regulations that credit unions are required to follow to maintain federal share insurance, as provided in 12 C.F.R. § 741.215 & parts 715, 748 and 749.
- (4) Repeals DFI-CU ch. 58 because it is redundant of Wis. Stat. s. 186.36.
- (5) Amends DFI-CU 54.03 ("Limitations on Real Estate Mortgage Loans") to authorize the Director of the Office of Credit Unions to waive those limitations for good cause shown, which will enable the Office to flexibly address specific situations in which loans with longer terms are warranted and in the best interests of the public.
- (6) Amends DFI-CU 63.01 to remove a reference to the division of savings and loan, which no longer exists.
- (7) Repeals DFI-CU 63.03, a 40-year-old rule requiring credit unions to give advance notice to the Office of Credit Unions before changing ATM locations, because such notices are burdensome and unnecessary to protect the public interest.
- (8) Repeals DFI-CU ch. 66, which authorizes "limited service offices" out-of-state, because the rule is no longer relevant given subsequent statutory changes contained in 1995 Wis. Act 151, which permits out-of-state branch offices.

**Summary of comments, agency’s response, and explanation of any modifications as a result of comments or testimony:**

The Department received 2 written comments to the proposed rule. The Wisconsin Credit Union League (WCUL) expressed its support for the proposed order, noting that it “would reduce the compliance burden on state-chartered credit unions in Wisconsin by eliminating several obsolete, confusing, or redundant regulatory requirements.” The WCUL did note that the repeal of DFI-CU 58.02 may create some uncertainty as to whether credit union income from the sale of credit life, accident and health insurance may be shared with the credit union’s officers, directors, committee members or employees. The League suggested (and the Department agrees) that this uncertainty can be addressed by departmental guidance construing Wis. Stat. § 186.36, which requires officers and employees to “pay all commissions received from the sale of credit life insurance or credit accident and sickness insurance to the credit union.” The Department intends to issue such guidance following the promulgation of this rule.

Ms. Liza Edinger, President/CEO of Ripco Credit Union also supported the proposed rule.

**Persons appearing or registering for or against the rule at hearing:**

No persons registered for or against the rule at the hearing. Representatives of the WCUL and Ms. Edinger were present at the (Webex) hearing, and submitted the comments described above via email.

**Changes to analysis or fiscal estimate:** None.

**Response to legislative council recommendations:** The recommendations were adopted in whole.

**Final regulatory flexibility analysis, changes to energy impact report, housing impact analysis, and response to any report prepared by the SBRRB:** Not applicable