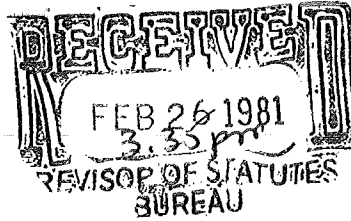


CU 600



STATE OF WISCONSIN )  
 ) SS  
OFFICE OF THE COMMISSIONER OF CREDIT UNIONS )

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, WILLIAM H. HUGHES, Commissioner of the Office of the Commissioner of Credit Unions and custodian of the official records of said commission do hereby certify that the annexed rules relating to dividends payable on member share accounts and deposit accounts in Wisconsin-chartered credit unions were duly approved and adopted by this commission on June 10, 1980.

I further certify that said copy has been compared by me with the original on file in this agency and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Commissioner of Credit Unions in the City of Madison, this 23rd Day of February, 1981.

*William H. Hughes*  
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William H. Hughes, Commissioner

5-4-81

ORDER OF THE OFFICE OF THE COMMISSIONER OF CREDIT UNIONS  
ADOPTING, AMENDING OR REPEALING RULES

Relating to rules concerning dividends payable on member share accounts and deposit accounts in Wisconsin-chartered credit unions.

Pursuant to authority vested in the Office of the Commissioner of Credit Unions by section 186.23, Wis. Stats., the Commissioner of Credit Unions hereby repeals, amends, and adopts rules interpreting section 186.16 (2), Wis.Stats., as follows:

Section CU 60.04 (2) (c) of the Wisconsin administrative code is amended to read:

(c) Withdrawals from passbook time accounts prior to maturity shall be penalized by one or more of the following: the forfeiture of the dividends accrued or paid on the amount withdrawn; 3 months dividends on the amount withdrawn; or reversion to the passbook dividend rate on member share accounts. At the option of the board of directors, the penalty imposed may be deducted from the amount deposited. The credit union policy manual or the credit union corporate minutes must indicate the policy of the board as to the deduction of the penalty from principal for the premature cashing of the passbook time deposit account. This policy must be uniformly applied by the credit union.

Section CU 60.04 (3) (a) of the Wisconsin administrative code is amended to read:

(3) Subject to the limitations of CU 60.01 (1) and (2), the board of directors may establish and guarantee in advance the rate of dividends on time certificates of deposit with a maturity date of not less than 30 days or more than 8 years. If mutually agreeable to the credit union and to the holder, the certificate of deposit may be extended or renewed at maturity. At the option of the board, if the dividend rate of the certificate of deposit is to be increased or decreased or the maturity date of the certificate of deposit is to be decreased or increased, the certificate may be cancelled and a new certificate issued; or the original certificate may be amended to reflect the change in the dividend rate or the new maturity date or both.

Section CU 60.05 (1) of the Wisconsin administrative code is adopted to read:

CU 60.05 Penalties for premature cashing of certificates of deposit. (1) The board of directors shall select the penalties to be imposed from par. (a) or (b) for the premature cashing of a certificate of deposit prior to its maturity. The credit union policy manual or the credit union corporate minutes shall indicate the policy of the board as to which penalty is to be applied. This policy shall be uniformly applied by the credit union.

Sections CU 60.04 (3) (b) and (c) of the Wisconsin administrative code are renumbered CU 60.05 (1) (a) and amended to read:

(a) The penalty for the payment of a certificate of deposit prior to its maturity if issued at a dividend rate of 6-3/4% per annum or less shall be established by the board of directors from the following: the forfeiture of 3 months dividends on the certificate; or a reduction from the date the certificate was issued or renewed, to the most recent dividend rate paid by the credit union on member shares; or both. Certificates of deposit paid prior to maturity with a dividend rate in excess of 6-3/4% per annum shall have a penalty of the forfeiture of 3 months dividends on the certificate plus the forfeiture by a reduction of the dividend paid or earned on that certificate of deposit. The reduction of dividend is based upon decreasing the certificate of deposit dividend rate to the rate most recently paid on member shares. This reduction of dividend is applied to the balance of the certificate of deposit from the date of issuance or the date of renewal for the number of days over 3 months the certificate is on deposit.

Sections CU 60.05 (1) (b) and (c) of the Wisconsin administrative code are adopted to read:

(b) If a certificate of deposit is issued for a period of 12 months (one year) or less, the minimum penalty for payment prior to its maturity shall be the forfeiture of 3 months dividends paid or earned on the amount withdrawn from the date of deposit. The minimum penalty for payment prior to maturity of a certificate of deposit issued for a period of more than 12 months shall be the forfeiture of 6 months dividends paid or earned on the amount withdrawn from the date of deposit.

(c) At the option of the credit union board of directors, the penalty imposed for the premature cashing of a certificate of deposit may be deducted by the credit union from the principal amount of the certificate. The credit union policy manual or the credit union corporate minutes shall indicate the policies of the board as to the deduction of the penalty from the principal for the premature cashing of the certificate of deposit. This policy shall be uniformly applied except for the exceptions in sub. (4).

Section CU 60.04 (3) (d) of the Wisconsin administrative code is renumbered CU 60.05 (1) (d).

Section CU 60.04 (4) of the Wisconsin administrative code is renumbered CU 60.05 (2) and amended to read:

(2) Unless it has been agreed by the credit union and the holder of the passbook time deposit account or the holder of the certificate of deposit that it is to be extended or renewed, no dividend need be paid on the passbook time deposit account or certificate of deposit subsequent to the date of maturity. However, the holder of the passbook time deposit account or the certificate of deposit shall receive at least 10 days written notice prior to its maturity. If the credit union neglects to provide this notice to the holder, the passbook time deposit account or the certificate of deposit shall receive dividends at the existing rate of the passbook time deposit account or certificate of deposit from the date the 10 days written notice was provided but dividends may not be paid for a period in excess of 30 days from the original maturity date.

Sections CU 60.04 (5) (a) and (b) of the Wisconsin administrative code are renumbered CU 60.05 (3) (a) and (b).

Section CU 60.04 (6) of the Wisconsin administrative code is renumbered CU 60.05 (4).

Section CU 60.05 of the Wisconsin administrative code is renumbered CU 60.06.

The rules contained in this order shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.026 (1), Wis. Stats.

Dated: 7/24/81 OFFICE OF THE COMMISSIONER OF CREDIT UNIONS

By: William H. Hughes  
William H. Hughes, Commissioner