

(h) Any person suspended, reduced, *suspended and reduced*, or removed after investigation may appeal from the order to the circuit court by serving written notice thereof on the secretary of the board within 10 days after the order is filed. Within 5 days thereafter the board shall certify to the clerk of the circuit court the record of the proceedings, including all documents, testimony and minutes. The action shall then be at issue and shall have precedence over any other cause of a different nature pending in said court, which shall always be open to the trial thereof. The court shall upon application of the accused or of the board fix a date of trial, which shall not be later than 15 days after such application except by agreement. The trial shall be by the court and upon the return of the board, except that the court may require further return or the taking and return of further evidence by the board. The question to be determined by the court shall be: Upon the evidence was the order of the board reasonable? No costs shall be allowed either party and the clerk's fees shall be paid by the city. If the order of the board is reversed, the accused shall be forthwith reinstated and entitled to his pay as though in continuous service. If the order of the board is sustained it shall be final and conclusive.

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CHAPTER 246.

AN ACT to repeal 215.16; to renumber 215.27 (5) to be 215.27 (7); to amend 215.07 (3), (6) and (9m), 215.15, 215.256, 215.26, and 215.332 (1); to repeal and recreate 215.14 and 215.27 (4); and to create 215.07 (8) and 215.27 (5) and (6) of the statutes, relating to building and loan associations, fidelity bonds for officers and employes thereof, and providing a penalty.

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

SECTION 1. 215.07 (3) (6) and (as created by chapter 568, laws of 1943, section 1a) (9m) of the statutes are amended to read:

215.07 (3) To acquire, by purchase, *exchange*, or otherwise, only such real estate as may be necessary for the protection or

enforcement of its securities and the collection of any claims or debts due to it; with the advice and approval of the commission to sell or dispose of any or all of its assets to other associations and to acquire by purchase or otherwise all or any part of the property and assets of any other building and loan association; all real estate acquired pursuant to this section shall be sold within 10 years from acquiring title thereto, excepting that the commission may from time to time extend the time within which such real estate shall be sold.

(6) To invest, with the advice and approval of the commission, in shares or evidences of indebtedness of savings and loan associations or building and loan associations doing business in this state, in bonds or evidences of indebtedness of the United States government, or assign as collateral security its mortgages and bonds or notes. * * * Nothing herein contained shall prohibit any association from setting up reserves in cash or bonds, or both, for taxes, insurance, * * * and such other reserves as the banking commission may order. *No reserve need be provided for government securities.*

(9m) (created by Chapter 568, Laws of 1943, Section 1a) To purchase or acquire mortgages or real estate subject to a sales contract from the Home Owners' Loan Corporation and any other agency or instrumentality of the United States government and take assignments thereof.

SECTION 2. 215.07 (8) of the statutes is created to read:

215.07 (8) POWERS. To create or join a pension system or fund for the retirement of its officers and employees.

SECTION 3. 215.14 of the statutes is repealed and recreated to read:

215.14 LOANS. Associations are authorized to make loans to their members as hereinafter provided:

(1) On the security of their share accounts or on the security of first liens on real estate in the manner and upon the terms prescribed in the rules and regulations or in the by-laws; provided the security offered be satisfactory to the board of directors.

(2) Secured or unsecured loans which are insured or guaranteed in any manner by the United States or any agency or instrumentality thereof, or for which there is a commitment to so insure or guarantee.

(3) For the purpose of repair, modernization or alteration of

an existing structure and take as security therefor a note repayable in not exceeding 36 monthly instalments.

SECTION 4. 215.15 of the statutes is amended to read:

215.15 (1) For every loan made a nonnegotiable note or bond, secured by mortgage upon real estate situated in the state of Wisconsin, in the county where such association is located, or within a radius of not to exceed 50 miles from the office of such association, as the by-laws of each association shall provide, unincumbered except by prior loans of such association, shall be given, accompanied by a pledge to the association of the shares borrowed upon. Such pledge of stock shall be evidenced by the assignment to the association and surrender of the stock certificate or certificates representing the stock pledged. Provided, that any association heretofore organized may make loans upon real estate situated outside of the county where such association is located if authorized thereto by its articles or by-laws.

(2) Associations may also make mortgage loans to members which shall provide that the dues (principal) paid shall be deducted from the principal amount due on the loan and the interest charged upon such loans shall be adjusted at least every 6 months on the unpaid balance of the loan on such adjustment date. The monthly payment of dues (principal) and interest shall be of such an amount so that such payments of dues (principal) will retire the loan within 20 years.

(3) The mortgage, bond, note or contract may provide that the interest rate may be increased after 3 years from the date of such mortgage, bond, note or contract, by giving to the borrower at least 4 months' notice of such intention. The borrower may after the receipt of such notice repay his loan within the time specified in such notice without the payment of any fine or penalty * * *.

(4) Any association may lend to members without the requirement of amortization of principal not exceeding 50 per cent of the appraised value of the security of a first lien on real estate as provided herein, such loans to be repayable in not more than 5 years with or without amortization of principal with interest payable at least semiannually, or any association may lend to members without the requirement of amortization of principal not exceeding 60 per cent of the appraised value of the security of a first lien on real estate, as provided herein, such loans to be repayable in not more than 3 years, with or without amortization

of principal, with interest payable at least semiannually, but not more than 15 per cent of the share liability of the association may be invested in such loans.

(5) * * * All mortgages described in this section shall have priority over all liens except tax and special assessment liens, upon the mortgage premises and the buildings and improvements thereon which shall be filed subsequent to the recording of such mortgage.

(6) The borrower shall cause the buildings and improvements on any property on which an association has a mortgage to be insured for the benefit of the association against loss by fire, * * * windstorm, * * * and such other hazards * * * as the association may require, in some company or companies to be selected or approved by the * * * association in an amount which * * * it shall designate, and shall keep the buildings so insured during the continuance of the mortgage. The insurance policy or policies shall remain on deposit with the association until the loan is paid.

(7) The directors in their discretion may dispense with said mortgage when the withdrawal value of the shares borrowed upon shall exceed the amount borrowed and interest thereon for 6 months.

(8) It shall be unlawful for any association, the assets of which do not exceed \$50,000, to make loans exceeding in the aggregate \$5,000 to one borrower; if its assets exceed \$50,000 but do not exceed \$100,000, it shall be unlawful for it to make loans exceeding in the aggregate \$7,500 to one borrower; if its assets exceed \$100,000 but do not exceed \$200,000, it shall be unlawful for it to make loans exceeding in the aggregate \$10,000 to one borrower; if its assets exceed \$200,000 but do not exceed \$500,000, it shall be unlawful for it to make loans exceeding in the aggregate \$20,000 to one borrower; if its assets exceed \$500,000 but do not exceed \$1,000,000 it shall be unlawful for it to make loans exceeding in the aggregate \$25,000 to one borrower; if its assets exceed \$1,000,000 it shall be unlawful for it to make loans exceeding in the aggregate 2-1/2 per cent of its assets but not more than \$100,000 to any one borrower, and provided that no single loan shall exceed \$40,000. Any single loan in excess of \$25,000 shall not exceed 65 per cent of the reasonable normal value of the real estate securing the loan as appraised by appraisers, approved by the banking commission, and provided further

that the aggregate of loans in excess of \$25,000 shall not exceed 15 per cent of the assets of the association.

(9) It shall be unlawful for any association to make any loan on vacant lands or vacant lots unless such lots are included with other improved real estate or on property used for manufacturing purposes, or upon any theater, public hall, church, school building, hotel or public garage.

(10) No association shall make any loans to an officer, director or employe except loans on the sole security of share accounts owned by such officers, director or employe and except loans on the security of a first lien upon the home, or the combination of home and business property, owned and occupied by such officer, director or employe.

SECTION 5. 215.16 of the statutes is repealed.

SECTION 6. 215.256 of the statutes is amended to read:

215.256 With the approval of the commission, any association may invest a sum of money not exceeding * * * \$150,000, but not to exceed one-half of its contingent fund, for the purchase or construction of a building to be occupied by the association as its office.

SECTION 7. 215.26 of the statutes is amended to read:

215.26 (1) The articles of association or by-laws of each local association must specify: The manner in which persons may become and cease to be members; the number of shares a member may own; the terms on which certificates for shares are to be issued, the form thereof and the fees therefor; the manner and condition of transfer of shares and fees therefor; the manner of renewing lost or destroyed certificates and fees (whether membership or withdrawal) therefor; the time and manner of paying * * * dues * * *; the fines for nonpayment of any sum due or for other defaults or violation of rules; whether dividends shall be allowed on dues paid in advance; how shares in default may be forfeited and disposed of; how shares may be withdrawn, the fees to be charged therefor and the proportion of the profits payable on such withdrawal; the regulations as to retiring shares and the amount to be paid holders thereof; the proportion of the profits to be paid the legal representatives of deceased members; * * * provisions for the custody and handling of securities and the banking and checking of funds; when and how meetings shall be called and held and what shall

constitute a quorum; whether voting by proxy be permitted; the election and removal of officers and directors, the filling of vacancies, giving directors power to appoint and remove by resolution the members of an executive committee, the members of which shall be directors, which committee shall have and exercise the powers of the board of directors between the meetings of the board of directors; defining their duties and determining when and by whom their remuneration shall be fixed, but if the remuneration is fixed by the directors, it shall be fixed by majority vote; and provide such other rules and regulations, not inconsistent with law or the articles of incorporation, as the business of the association may require. The by-laws shall also prescribe that every director shall take and subscribe an oath that he will diligently and honestly perform his duty in such office and will not knowingly violate or permit a violation of any provision of this chapter. The by-laws may further provide for a bonus in instalment savings shares to be paid to shareholders for consistent and regular payments, not in excess of one per cent per annum.

(2) Each association shall have its by-laws prepared in convenient form and upon request shall furnish a copy to * * * any member * * *

(3) With the approval of the commission, any association may by resolution of its board of directors fix and adjust loan *and* interest payments * * *

SECTION 7a. 215.27 (4) of the statutes is repealed and recreated to read:

215.27 (4) Every such bond shall also include the following provisions:

(a) No cancellation or other termination of this bond shall be effective unless the surety gives in advance at least 10 days' written notice by registered mail to the banking commission. If this bond is canceled or terminated at the request of the insured (employer) this provision shall apply nevertheless, it being the duty of the surety to give the required written notice to the banking commission, such notice to be given promptly and in any event within 10 days after the receipt of such request.

(b) The surety agrees to furnish the banking commission at Madison, a copy of all riders and endorsements executed subsequently to the effective date of this bond.

SECTION 7b. 215.27 (5) of the statutes is renumbered 215.27 (7).

SECTION 7c. 215.27 (5) and (6) of the statutes are created to read:

215.27 (5) For reasons which it deems valid and sufficient the banking commission may waive as to the cancellation or termination of any such bond the 10-day written notice in advance required by subsection (4) (a) and may give its written consent to the termination or cancellation being made effective as of a date agreed upon and requested by the surety and the building and loan association.

(6) The provisions required by subsection (4) to be in every such bond shall not in any way modify, impair or otherwise affect or render invalid a provision therein to the effect that the bond shall terminate as to any person covered thereby upon the discovery by the building and loan association of any dishonest act on the part of such person.

SECTION 8. 215.332 (1) of the statutes is amended to read:

215.332 (1) Whenever from an examination or report, it shall appear to the banking commission that the capital of any association is impaired, or may in the near future become impaired, the banking commission may, with the approval of the building and loan advisory committee, issue an order to such association, requiring the directors to forthwith appoint, subject to the approval of the banking commission 3 competent persons, not members of such association, who shall appraise such property owned by, or upon which such association has a mortgage loan or judgment, as the banking commission shall designate. The appraisers so appointed and approved shall appraise and fix the * * * *reasonable normal* value of all such property as aforesaid and report their findings to the banking commission and the directors. The value as found by such appraisers shall be the value from which all losses shall be determined.

Approved June 2, 1945.