

1971 Assembly Bill 291

Date published:
March 27, 1972

CHAPTER 193, Laws of 1971

AN ACT to repeal 15.551 (3), 15.555 (3), 186.20 and 186.27; to amend 186.015 (1), 186.05 (1) to (5), 186.08 (1), 186.09 (1), (2), (4), (6) (a), (7) and (8), 186.10, 186.112 (1), 186.12, 186.13, 186.15, 186.18, 186.24 (1), 186.25, 186.29 (1) (intro.), 186.31 (1), 186.32 (1) and 186.35 (5) (d); to repeal and recreate 186.01, 186.015 (3), 186.06, 186.07, 186.11, 186.16, 186.17 and 186.28; and to create 15.06 (1) (d), 15.59, 15.591, 15.595, 20.120, 186.012, 186.05 (1) (a), (b) and (c), (5m) and (5n), 186.08 (6), 186.113, 186.29 (1m), 186.314 and 186.37 of the statutes, relating to establishing an office of the commissioner of credit unions to perform the regulating functions currently performed by the office of the commissioner of banking, changing certain laws relating to credit unions and making an appropriation.

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

SECTION 1. 15.06 (1) (d) of the statutes is created to read:

15.06 (1) (d) The commissioner of credit unions shall be nominated by the governor and, with the advice and consent of the senate, appointed for a 6-year term expiring on March 1 of an odd-numbered year. The person selected shall have at least 10 years' actual experience either in the operation of a credit union or serving in a credit union supervisory agency.

SECTION 2. 15.551 (3) of the statutes is repealed.

SECTION 3. 15.555 (3) of the statutes is repealed.

SECTION 4. 15.59 of the statutes is created to read:

15.59 OFFICE OF THE COMMISSIONER OF CREDIT UNIONS; CREATION. There is created an office of the commissioner of credit unions under the direction and supervision of the commissioner of credit unions.

SECTION 5. 15.591 of the statutes is created to read:

15.591 SAME; PROGRAM RESPONSIBILITIES. The office of the commissioner of credit unions shall have the program responsibilities specified for the office under ch. 186.

SECTION 6. 15.595 of the statutes is created to read:

15.595 SAME; ATTACHED BOARDS AND COMMISSIONS. (1) **CREDIT UNION REVIEW BOARD.** There is created in the office of the commissioner of credit unions a credit union review board consisting of 5 persons, appointed for staggered 5-year terms. All members shall have at least 5 years' experience in the operations of a credit union. The commissioner may call special meetings of the review board.

SECTION 7. 20.120 of the statutes is created to read:

20.120 CREDIT UNIONS; OFFICE OF THE COMMISSIONER OF CREDIT UNIONS. There is appropriated to the office of the commissioner of credit unions for the following programs:

(1) SUPERVISION OF CREDIT UNIONS. (g) General program operations. Ninety per cent of all moneys received by the office for the supervision of credit unions under ch. 186.

SECTION 8. 186.01 of the statutes is repealed and recreated to read:

186.01 DEFINITIONS. In this chapter:

(1) "Credit union" means, a cooperative, nonprofit corporation, incorporated under this chapter to encourage thrift among its members, create a source of credit at a fair and reasonable rate of interest and provide an opportunity for its members to improve their economic and social conditions.

(2) "Commissioner" means the commissioner of credit unions.

(3) "Savings" means the same as "share".

(4) "Risk assets" means investments other than in central credit unions and loans outstanding other than loans to credit unions and real estate loans. Risk assets of central credit unions shall be reduced by an amount equal to member credit union shares.

(5) "Regular reserve" means the reserve set aside to cover losses.

(6) "Deposit account" means an account limited to members and treated as a form of savings. These accounts are subject to conditions established by the board of directors. Deposit accounts differ from savings accounts in that a pre-declared dividend may be established, and that they have prior claim to savings accounts.

SECTION 9. 186.012 of the statutes is created to read:

186.012 COMMISSIONER OF CREDIT UNIONS. (1) The commissioner shall appoint a deputy under the classified service who shall possess all powers and perform the duties attached to the office of the commissioner during a vacancy thereof and during the absence or inability of the commissioner. The commissioner may also employ such examiners and clerks to assist him and his deputy in the discharge of the several duties imposed upon him by this chapter as he finds necessary, and who shall perform such other duties as the commissioner directs.

(2) The commissioner of credit unions shall enforce the laws of this chapter and other laws relating to credit unions.

(3) Except as otherwise provided in s. 186.015, any interested person or credit union aggrieved by an act, order or determination of the commissioner may, within 30 days from the date thereof, apply to the credit union review board to review the same. All such applications for review shall be considered and disposed of as speedily as possible. The credit union review board may require the commissioner to submit any of his official actions subject to such review to the board for its approval.

SECTION 10. 186.015 (1) of the statutes is amended to read:

186.015 (1) The commissioner of ~~banking~~ shall confer with the credit union review board on matters affecting credit unions and his office. Detailed minutes of each board meeting shall be kept, and the decision of the board with reference to all orders issued, or

policies established by the commissioner of ~~banking~~ pursuant to ch. 186 ~~shall be~~ is final, ~~except for judicial review as provided in ch. 227.~~

SECTION 11. 186.015 (3) of the statutes is repealed and recreated to read:

186.015 (3) (a) The board may require the commissioner to submit any of his official actions to the board for its approval. The board may make rules of procedure as provided in ch. 227.

(b) Any interested person aggrieved by any act, order or determination of the commissioner may apply for review thereof by filing a petition with the secretary of the board within 30 days after the act, order or determination to be reviewed. The petition shall state the nature of the petitioner's interest, facts showing that petitioner is aggrieved and directly affected by the act, order or determination to be reviewed and the ground or grounds upon which the petitioner claims that the act, order or determination should be modified or reversed. The issues raised by the petition for review shall be considered by the board upon giving at least 10 days' written notice of the time and place when said matter will be heard to the commissioner and the person applying for review or his attorney and upon any other person who participated in the proceedings before the commissioner or his attorney. Notice of hearing may be given by registered mail, return receipt requested, and the return receipt signed by the addressee or his agent shall be presumptive evidence that such notice was received by the addressee on the day stated on the receipt. Any other interested party shall have the right to appear in any proceeding before the board.

(c) The board shall base its determination upon the record made by the commissioner and may also receive additional evidence to supplement such record if it finds it necessary. The board shall affirm, modify or reverse the act, order or determination under review. The burden of overcoming the act, order or determination of the commissioner under review shall be on the person seeking the review. Any findings of fact made by the commissioner shall be sustained if supported by substantial evidence in the record made by him or in such record supplemented by evidence taken by the board. The board shall have the powers granted by s. 885.01 (4). Any person causing a witness to be subpoenaed shall advance and pay the fees and mileage of such witness which shall be the same as in circuit court. The fees and mileage of witnesses who are called at the instance of the commissioner shall be paid by the state in the same manner that other expenses are audited and paid upon presentation of properly verified vouchers approved by at least one member of the board and charged to the appropriation of the office of the commissioner of credit unions.

(d) Each member of the board and all employes of the board, with respect to the disclosure of information concerning credit unions, shall be subject to the same requirements and penalties as the commissioner. Three members shall constitute a quorum and a majority vote of those present shall decide. No member of such board shall be qualified to act in any matter involving a credit union in which he is an officer, director or stockholder, or to which he is indebted.

(e) The board may make rules to safeguard the interest of depositors and shareholders.

(f) Any final order or determination of the board shall be subject to review in the manner provided in ch. 227.

SECTION 12. 186.05 (1) of the statutes is amended to read:

186.05 (1) The conditions of residence or occupation which qualify persons for membership; ~~however:~~

SECTION 13. 186.05 (1) (a), (b) and (c) of the statutes are created to read:

186.05 (1) (a) Credit unions shall be open to groups having common or related bonds of occupation or association, or to residents within a well-defined neighborhood, community, or rural district, or to employes of related or vicinal industries, or to members of bona fide fraternal, religious, cooperative, labor, rural, educational, or similar organization and employes of the credit union. Members of the immediate family of all qualified persons are eligible for membership. In this section "members of the immediate family" include the wife, husband, parents and children of a member whether living together in the same household or not and any other relatives of the member or spouse of a member living together in the same household as the member.

(b) Organizations and associations composed of individuals, the majority of whom are eligible for membership, may be admitted to membership in the same manner and under the same conditions as individuals.

(c) An individual who ceases to qualify under par. (a) may retain his full membership in the credit union at the discretion of the board of directors.

SECTION 14. 186.05 (2) to (5) of the statutes are amended to read:

186.05 (2) The par value of the shares of capital stock which shall in no event be more than \$~~5~~25;

(3) The conditions on which ~~shares accounts~~ may be paid in, transferred and withdrawn; ~~the entrance fee to be paid by new members;~~

(4) The method of receipting for money paid on ~~account of shares accounts;~~

(5) ~~The number of director and number of members of the directors and the length of their terms, a credit committee or loan officer;~~

SECTION 15. 186.05 (5m) and (5n) of the statutes are created to read:

186.05 (5m) A credit union may have deposit accounts such as Christmas, vacation, education, deferred income, pension and similar types.

(5n) Credit unions may conduct elections by mail ballot which shall be signed by the member and valid only for the meeting designated.

SECTION 16. 186.06 of the statutes is repealed and recreated to read:

186.06 MEMBERS, FISCAL YEAR, MEETINGS, POWERS. (1) The incorporators shall call the first meeting of the eligible membership with the primary purpose of electing a board of directors. No person may vote at a meeting unless he has been a member for at least 3 months, except during the first 12 months of the existence of the corporation. Members shall not have more than one vote.

(2) Special meetings may be held by order of the directors or the secretary shall call a special meeting upon written request of one-third of the members. Notice of the meeting shall state the purpose of the meeting.

(3) At any meeting the members may:

(a) Decide, by a majority of members present, any question of interest to the corporation.

(b) Reverse, by a two-thirds vote of the members present, if the notice of the meeting specified the questions to be considered and upon appeal of 15 members, decisions of the credit committee, loan officers or board of directors.

(c) Remove, by a three-fourths vote of the members present, any officer or member of the credit committee, loan officer or member of the board of directors, fill the vacancy caused by such removal and amend the bylaws if the notice of meeting specified the questions to be considered.

(4) The fiscal year of every credit union shall end at the close of business on December 31 and the credit union shall, at least semiannually, transfer funds to the loss reserve account as provided in s. 186.17.

(5) Multiple accounts may be issued in joint tenancy with any person designated by the credit union member. The person first named in any such joint account shall be a member of the credit union. A nonmember named in the joint account shall not acquire the right to vote, obtain loans or hold office because of his inclusion in the joint account.

SECTION 17. 186.07 of the statutes is repealed and recreated to read:

186.07 DIRECTORS, CREDIT COMMITTEE AND LOAN OFFICERS.

(1) The members shall elect at the first meeting a board of directors consisting of an odd number of directors, however, not less than 5 directors shall be elected. The board of directors shall appoint a credit committee and such other officers as it determines are necessary. No director may be a member of the credit committee. The directors, officers, committees and employes of the credit union shall be sworn and shall hold their offices until others are elected or appointed, and qualified, in their stead. A record of every such oath shall be filed and preserved with the records of the corporation.

SECTION 18. 186.08 (1) of the statutes is amended to read:

186.08 (1) To act upon all applications for membership ~~unless a membership officer is appointed;~~

SECTION 19. 186.08 (6) of the statutes is created to read:

186.08 (6) To establish rates of interest on all loans.

SECTION 20. 186.09 (1), (2), (4), (6) (a), (7) and (8) of the statutes are amended to read:

186.09 (1) The credit union may make loans to members for such purpose and upon such terms as approved by the credit committee ~~approves, or loan officers~~ at rates of interest not to exceed one per cent per month on the unpaid balance those permitted under s. 138.05.

(2) ~~The credit committee, with the approval of the board of directors, may appoint one or more loan officers to act in its behalf. Loan officers may not approve loans which by law require collateral, except where a certificate of authority for such loans has been granted by the commissioner of banking. Each or loan officer shall furnish to the credit committee maintain a record of each loan approved or not approved by him within 7 days of the date of the filing of the application. All loans not approved by the loan officer shall be acted upon by the credit committee. The applicant for a loan may appeal the decision of the credit committee or the loan officer to the board of directors.~~

(4) Approval of loans shall be the responsibility of the credit committee or its loan officer, except where application for loans are made by members of the credit committee or the loan officers. No loan shall be made unless approved by the majority of the credit committee or by a loan officer, except that the board of directors shall act on the applications of credit committee members and loan officers and applications appealed to it by members.

(6) (a) The board of directors shall determine the policy regarding collateral acceptable for secured loans. Loans to individuals which in the aggregate exceed the amount shown in the schedule below shall be secured by such collateral having a value which, in the opinion of the credit committee or loan officer, is at least equal to any amount exceeding this schedule, except that all loans between \$2,500 and \$5,000 not subject to collateral shall be supported by a sworn financial statement:

1. \$250, in credit unions with assets of less than \$5,000;

2. \$500, in credit unions with assets of \$5,000 and less than \$25,000;

3. ~~\$750~~ \$1,000, in credit unions with assets of \$25,000 and less than ~~\$50,000~~ \$100,000;

4. ~~\$1,000~~ \$2,500, in credit unions with assets of ~~\$50,000 or more.~~ \$100,000 and less than \$500,000;

5. \$3,500 in credit unions with assets of \$500,000 and less than \$1,000,000;

6. \$5,000 in credit unions with assets of \$1,000,000 or more.

(7) ~~The commissioner of banking may establish rules increasing~~ reduce the loan limits specified in sub. (6) on an individual basis.

(8) (a) ~~The credit committee or a loan officer may approve in advance, upon its own motion or upon application by a member, an extension of credit, and loans may be granted to such member within the limit of such extension of credit. Where an extension of credit has been approved, applications for loans need no further consideration as long as the aggregate obligation does not exceed the limit of such extension of credit. The credit committee or loan officers shall, at least once a year, annually review all extensions of credit and any extension of credit shall expire if the member becomes more than 90 days delinquent in his obligations to the credit union.~~

(b) With the approval of the commissioner, credit unions may utilize credit cards, including point-of-purchase credit, providing the credit committee or loan officer, upon their own motion or upon application by a member, has predetermined the extent of credit extension.

SECTION 21. 186.10 of the statutes is amended to read:

186.10 Shares may be issued in the name of a minor, and may, in the discretion of the directors, be withdrawn by such minor or by his parent or guardian, and in either case payments made on such withdrawals shall be valid. ~~No minor under 16 years shall be entitled to vote in the meetings of members either personally or by his parent or guardian. Minors' eligibility to vote at the meetings of the members is at the discretion of the board of directors.~~ If shares are held in trust the name and residence of the beneficiary shall be disclosed and the account shall be kept in the name of such holder as trustee for such person. If no other notice of the existence and terms of such trust has been given in writing to the ~~corporation~~ credit union, such shares may, upon the death of the trustee, be withdrawn by the person for whom the amount of such shares was paid in or by his legal representative.

SECTION 22. 186.11 of the statutes is repealed and recreated to read:

186.11 INVESTMENTS. (1) **GENERAL.** The board of directors may invest credit union funds in U.S. government direct and agency obligations, municipal bonds issued by municipalities of the state, central credit unions, banks and savings and loans associations located in Wisconsin and may, with the approval of the commissioner, make other investments including investments in credit unions.

(2) **CREDIT UNION PROPERTY.** With the approval of the commissioner the board of directors may purchase or construct a building for the operation of the credit union provided the aggregate cost, including the cost of land acquisition, does not exceed 100% of regular reserve unless prior approval for greater amounts, not to exceed 10% of savings, is given by the commissioner and the credit union review board. The cost of land acquisition may include vicinal property for future expansion but may not exceed the aggregate cost limitation. The credit union may rent or lease a portion of its building or property.

(3) **COOPERATIVE HOUSING.** A credit union may invest an amount not to exceed 10% of its regular reserve in agreements with other corporations or its members to provide cooperative housing and related facilities for its members.

SECTION 23. 186.112 (1) of the statutes is amended to read:

186.112 (1) ~~If the cash available be insufficient to make the loans approved by the credit committee or if the requests for withdrawal exceed available cash, it shall be lawful for the~~ The board of directors ~~to may~~ borrow money, from any source, not to exceed 25 percent ~~50%~~ of the total assets savings, deposits and reserves, but not for a ~~longer~~ longer period ~~longer than 6~~ 12 months, except that such period may be extended when approved by the commissioner ~~of banking~~.

SECTION 24. 186.113 of the statutes is created to read:

186.113 CREDIT UNION SERVICES. A credit union may:

(1) If the need and necessity exists, establish subsidiary offices within the state with the approval of the commissioner.

(2) Share office space with one or more credit unions and contract with a corporation to provide facilities or personnel.

(3) Provide nonprofit financial counseling.

(4) Charge for perfection of security interests and investigations of borrowers.

- (5) Issue third-party checks upon request of the member.
- (6) Provide pension savings programs and deferred income accounts.
- (7) Purchase or acquire conditional sales contracts or similar instruments executed by credit union members.
- (8) Make grants in the aggregate not to exceed one-half of one per cent of regular reserves within a given year.
- (9) Collect, receive and disburse moneys in connection with the sale of travelers checks, money orders and credit cards.
- (10) Exercise all powers necessary and proper to carry out the purposes of the credit union.

SECTION 25. 186.12 and 186.13 of the statutes are amended to read:

186.12 No member of the board of directors shall may receive any compensation for his services as a member of said the board, ~~nor shall any~~. A member of the credit committee, ~~either or a loan officer shall not~~, directly or indirectly, become surety for any loan or advance made by the ~~corporation~~ credit union. The officers elected by the board of directors and the members of the credit committee and loan officers may receive such compensation as said the board shall authorize authorizes, but the expenditures of the ~~corporation~~ credit union for all purposes shall be paid from its earnings.

186.13 The board of directors may expel a member from the ~~corporation any member~~ credit union who ~~has not carried out his engagements with the corporation, or has been convicted of a criminal offense, or neglects or refuses to comply with the provisions of this chapter or of the by laws bylaws, or whose private life is a source of scandal, or who habitually neglects to pay his debts, or shall become insolvent or bankrupt, or shall have deceived the corporation with regard to the use of borrowed money or for any other just cause;~~ but no member shall ~~so may~~ be expelled until he has been informed in writing of the charges against him, and given an opportunity ~~has been given to him,~~ after reasonable notice, to be heard thereon. ~~Any member may withdraw from the corporation by giving written notice to the secretary.~~

SECTION 26. 186.15 of the statutes is amended to read:

186.15 ~~Immediately after~~ After the annual meeting of the ~~members and election of officers, and within one month~~ the president board of directors shall appoint, ~~subject to confirmation by the board of directors at their next following meeting, and examining committee of 3.~~ This examining committee shall have full authority to ~~examine any or all records at any time they desire and it shall be the duty of said committee to make thorough examinations of cash on hand and in the bank, receipts, disbursements, income, expenses, assets and liabilities, at least semiannually.~~ Said committee shall a competent and qualified person to audit the operations of the credit union. The auditor shall at least annually report its his activities and recommendations to the board of directors periodically and to the membership at the annual meeting. The complete report of this committee shall be read at the annual meeting and Reports shall be filed and preserved with the records of the corporation credit union.

SECTION 27. 186.16 of the statutes is repealed and recreated to read:

186.16 DIVIDENDS. (1) The board of directors shall establish the dividend period. Such dividends may be considered a normal operating expense of the credit union. Rates of such dividends and terms of payment may be established and guaranteed in advance by action of the board of directors. The board of directors may classify its accounts and declare dividends which may be at variable rates. Savings deposited during the dividend period shall be entitled to an apportionate part of said dividend providing said savings are on deposit at the close of the period.

(2) The commissioner may establish the maximum dividend that a credit union and a central credit union may pay in each classification of its savings.

SECTION 28. 186.17 of the statutes is repealed and recreated to read:

186.17 RESERVES. (1) The regular reserve of a credit union shall be based on risk assets and the formula for transfer to the reserve is at the rate of 10% of gross income until such time as the reserve fund reaches 5% of risk assets; then the formula is decreased to 7% of gross income until such time as the reserve fund reaches 6% of risk assets; and then the formula is decreased to 5% of gross income until the reserve fund attains a maximum of 7% of risk assets. Subsequent transfers are required only to maintain 7% maximum.

(2) Special reserves may be required by the commissioner on an individual credit union basis for purchased accounts or when serious threat of impairment threatens regular reserve.

(3) Additional reserves for central credit unions may be required by the commissioner when adjustments of corporate investments are not offset by current transfers from gross income to the regular reserves.

SECTION 29. 186.18 of the statutes is amended to read:

186.18 Upon the unanimous recommendation of the board of directors, the members may vote to dissolve the corporation credit union provided that at least two-thirds a majority of the members vote by ballot in person or by letter or other written communication in favor of dissolution, and provided not more than 10-15 members either in person or or 10% of the total membership, whichever is greater, by written notice, object thereto. A committee of 3 shall thereupon be elected to liquidate the assets of the corporation, and each share of the capital stock, according to the amount paid in thereon, shall credit union. Members may be entitled to its paid a liquidating dividend in proportion of the proceeds to their savings after the debts of the corporation credit union have been paid. The committee in charge of liquidation shall have the power and authority to sell or dispose of the assets in whole or in part at a public or private sale subject to confirmation by the board of directors and the office of the commissioner of banking credit unions.

SECTION 30. 186.20 of the statutes is repealed.

SECTION 31. 186.24 (1) of the statutes is amended to read:

186.24 (1) Whenever the commissioner of banking is of the opinion that the loaning, investing or other policies and practices of any officer, director or committeeman of any credit union have been prejudicial to the best interest of such credit union or its investors, or that such policies or practices, if put into operation or continued, will endanger the safety or solvency of said credit union or impair the interest of its investors, the commissioner may request the removal of such officer, director or committeeman. Such

request shall be served on the credit union and on such officer, director or committeeman in the manner provided by law for serving a summons in a court of record, or shall be transmitted to the credit union and the officer, director or committeeman by registered mail, with return receipt requested. Such request shall specify the reasons for the removal of such officer, director or committeeman, and also shall advise such officer, director or committeeman relative to his rights to a hearing before the credit union review board as provided in this section. A copy of such request for removal shall be transmitted to each member of the credit union review board at the same time such request is being served upon the credit union and officer, director, or committeeman involved. If such request for removal is not complied with within a reasonable time fixed by the commissioner, he may by order, with like approval of the credit union review board, remove such officer, director or committeeman, but no order for removal shall be entered until after an opportunity for a hearing before the credit union review board is given such officer, director or committeeman upon not less than 10 30 days' notice. An order for removal shall take effect as of the date issued.

SECTION 32. 186.25 of the statutes is amended to read:

186.25 All credit unions formed under this or other similar law, or authorized to transact in this state a business similar to that authorized to be done by this chapter, shall be under the control and supervision of the commissioner of ~~banking~~. Every such corporation ~~on December 31 of each year~~ shall make a full and detailed report of its business ~~done the preceding as of December 31 for that year~~, and of its condition on such date, in such form and containing such information as ~~said the~~ commissioner may prescribe, and shall file with ~~him the commissioner~~ a true and verified copy thereof on or before February 1 thereafter. Accompanying the same shall be attached a copy of the statement of the credit union at the close of its last fiscal year. If any such credit union ~~shall fail~~ fails or ~~refuse~~ refuses to furnish the report herein required, it shall be subject, at the discretion of the commissioner, to a forfeiture of \$1 to \$10 per day for each and every day of default, and a commissioner may maintain an action in the name of the state to recover such penalty, and the same shall be paid into the state treasury.

SECTION 33. 186.27 of the statutes is repealed.

SECTION 34. 186.28 of the statutes is repealed and recreated to read:

186.28 BOOKKEEPING. Books and records shall be maintained in a proper accounting manner acceptable to the commissioner. Any credit union that refuses or neglects to maintain books and records in a proper and acceptable manner shall be, upon written notification of the commissioner, subject to a penalty not to exceed \$10 for each day it fails to keep such books and accounts.

SECTION 35. 186.29 (1) (intro.) of the statutes is amended to read:

186.29 (1) (intro.) The commissioner ~~of banking~~ may forthwith take possession and control of the business and property of any credit union to which this chapter is applicable whenever he ~~shall find that such credit union~~ finds a credit union violating this chapter or that the credit union:

SECTION 36. 186.29 (1m) of the statutes is created to read:

186.29 (1m) **SUSPENSION.** The commissioner may suspend for a period up to 120 days the business or any officer, director, commit-

tee member or employe of any credit union for conduct specified under sub. (1) (a) to (j).

SECTION 37. 186.31 (1) of the statutes is amended to read:

186.31 (1) Any credit union ~~may absorb any other credit union located in the same county, which is in good faith winding up its business for the purpose of being absorbed by consolidating with~~ some other local credit union, and may transfer its resources assets and liabilities to the credit union with which it is in the process of consolidation; but no credit union ~~may absorb any other credit union consolidation may be made without the consent of the commissioner of banking, and not then to defeat or defraud any of its creditors in the collection of their debts against such credit union or either of them.~~

SECTION 38. 186.314 of the statutes is created to read:

186.314 CONVERSION. A credit union chartered under this chapter may be converted to a federal credit union by complying with the following:

(1) The proposition for a conversion shall first be approved by unanimous recommendation of the directors of the credit union. The directors shall set a date for a vote by the members on the conversion. Written notice specifying the reason for conversion and the date set for the vote shall be delivered in person or mailed to each member at the address for such member appearing on the records of the credit union, not more than 30 nor less than 7 days prior to such date. A majority of the members voting, in person or in writing, may approve the proposition for conversion, provided not more than 15 members or 10% of the total membership, whichever is greater, by written notice, object.

(2) A statement of the results of the vote, verified by the affidavits of the president or vice president and the secretary, shall be filed with the office of the commissioner within 10 days after the vote is taken.

(3) Promptly after the vote is taken and in no event later than 90 days thereafter, if the proposition for conversion was approved by such vote, the credit union shall take such action as may be necessary under the federal law to make it a federal credit union, and within 10 days after receipt of the federal credit union charter, there shall be filed with the office of the commissioner a copy of the charter thus issued. Upon such filing, the credit union shall cease to be a state credit union.

(4) Upon ceasing to be a state credit union, such credit union shall no longer be subject to this chapter. The successor federal credit union shall be vested with all the assets and shall continue to be responsible for all of the obligations of the state credit union to the same extent as though the conversion had not taken place.

SECTION 39. 186.32 (1) of the statutes is amended to read:

186.32 (1) Central credit unions may be organized and operated under the conditions and provisions of this chapter and subject to all of the provisions of this chapter not inconsistent herewith. It shall be lawful for other credit unions located in this state and any other state to become members of central credit unions. Credit unions having membership in a central credit union may be represented at annual or special meetings of the central credit union by one member duly authorized by the board of directors of such member credit union and shall be entitled to one vote, and such representa-

tive shall be eligible for office in the central credit union the same as though he were a member of the central credit union.

SECTION 40. 186.35 (5) (d) of the statutes is amended to read:

186.35 (5) (d) A regular annual assessment, not to exceed one-tenth of one per cent of the member credit union's share capital, shall be levied by the trustees. In the event of potential impairment of the corporation's capital funds, special assessments may be levied by the trustees with the approval of the commissioner of banking. The member credit union's share capital as of December 31 shall be the basis for calculating the assessment due the ensuing year. The trustees shall determine the date the annual assessment is due and payable. The annual assessment, and any special assessment, when paid by the member credit union, shall be a charge to its guaranty fund. The membership fee and the annual assessment shall also be levied on Wisconsin credit union shares in a central credit union on a similar basis as stated herein; however, the guaranty on such Wisconsin credit union shares shall extend to the full amount of such share balances and shall not be limited by the maximum protection afforded an individual member under sub. (2).

SECTION 41. 186.37 of the statutes is created to read:

186.37 IMMUNITY OF COMMISSIONER. The commissioner of credit unions shall not be subject to any civil liability or penalty, nor to any criminal prosecution, for any error in judgment or discretion made in good faith and upon reasonable grounds in any action taken or omitted by him in his official capacity under this chapter.

SECTION 42. NAME CORRECTIONS. (1) Wherever the term "commissioner of banking" appears in sections 186.02, 186.03, 186.04 (1), 186.09 (10), 186.112 (2), 186.119 (1), 186.19 (1), (2) and (4) (a) and (b), 186.22 (1) (intro.), (2) (intro.), (3) (intro.) and (a), (4) (d), (5) (c), (6), (10), (11) and (15), 186.29 (title), (2), (4) to (10) and (13) (a), (b) and (d), 186.315, 186.33 and 186.35 (1), (2) (b), (5) (c), (d) and (f) and (9) of the statutes, the term "commissioner" is substituted.

(2) Wherever the term "office of the commissioner of banking" appears in sections 186.04 (2), 186.119 (1), 186.21, 186.26, 186.29 (6) and 186.35 (8) (a) of the statutes, the term "office of the commissioner of credit unions" is substituted.

(3) Wherever the term "corporation" appears in sections 186.02, 186.08 (intro.) and 186.14 of the statutes, the term "credit union" is substituted.

(4) Wherever the term "guaranty fund" appears in section 186.35 (5) (b), (c), (d) and (e) of the statutes, the term "regular reserve" is substituted.

(5) Wherever the term "10%" appears in section 186.35 (5) (e) of the statutes, the term "7%" is substituted.

SECTION 43. PROGRAM RESPONSIBILITIES. The program responsibilities of the office of commissioner of banking under chapter 15 of the statutes are amended to delete chapter 186.

SECTION 44. APPOINTMENTS. (1) The governor shall appoint the commissioner of credit unions within 30 days after publication of this act.

(2) The members of the credit union review board under section 15.555 of the statutes shall constitute the initial members

of the credit union review board under section 15.595 of the statutes, as created by this act and shall serve until the expiration of their current terms.

SECTION 45. TRANSFERS. After the effective date of this act all the duties transferred by this act shall be performed by the agencies to which they are assigned.

(1) All rules and orders in force immediately prior to the transfer shall remain in force until modified or rescinded.

(2) All matters pending and all actions, proceedings and investigations begun but not completed before the effective date shall be continued by the appropriate agency under this act.

(3) All books, properties and documents relating to functions transferred under this act shall be transferred to the appropriate agency under this act on the effective date.

(4) All classified employes performing functions transferred under this act shall be transferred to the appropriate agency without alteration in earned seniority and benefits.

SECTION 46. EFFECTIVE DATE. This act shall take effect 90 days after publication.
