

1989 Assembly Bill 524

Date of enactment: **December 7, 1989**
Date of publication*: **December 19, 1989**

1989 WISCONSIN ACT 103

AN ACT *to amend* 215.21 (1) (intro.) and (a); and *to create* 186.098 (12), 215.21 (1) (c) and 221.295 (6) of the statutes, **relating to**: allowing financial institutions to accept cooperative real estate ownership interests as security for loans and granting rule-making authority.

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

SECTION 1. 186.098 (12) of the statutes is created to read:

186.098 (12) A credit union may make loans to members secured by assignment or transfer of stock certificates or other evidence of the borrower's ownership interest in a corporation formed for the cooperative ownership of real estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a mortgage involving a one-family residence, apply to a proceeding to enforce the lender's rights in security given for a loan under this subsection. The commissioner shall promulgate joint rules with the commissioners of savings and loan and banking that establish procedures for enforcing a lender's rights in security given for a loan under this subsection.

SECTION 2. 215.21 (1) (intro.) and (a) of the statutes are amended to read:

215.21 (1) **BASIC SECURITY REQUIRED.** (intro.) Subject to such additional limitations as the commissioner may prescribe, associations may make loans on the security of any of the following:

(a) A mortgage on real estate owned by the borrower in fee simple if the aggregate value of the mortgage and any current balance of any mortgage, lien and encumbrances does not exceed the appraised value of the real estate; ~~or.~~

SECTION 3. 215.21 (1) (c) of the statutes is created to read:

215.21 (1) (c) An assignment or transfer of stock certificates or other evidence of the borrower's ownership interest in a corporation formed for the cooperative ownership of real estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a mortgage involving a one-family residence, apply to a proceeding to enforce the lender's rights in security given for a loan under this paragraph. The commissioner shall promulgate joint rules with the commissioners of credit unions and banking that establish procedures for enforcing a lender's rights in security given for a loan under this paragraph.

SECTION 4. 221.295 (6) of the statutes is created to read:

221.295 (6) A bank may make loans secured by assignment or transfer of stock certificates or other evidence of the borrower's ownership interest in a corporation formed for the cooperative ownership of real estate. Sections 846.10 and 846.101, as they apply to a foreclosure of a mortgage involving a one-family residence, apply to a proceeding to enforce the lender's rights in security given for a loan under this subsection. The commissioner shall promulgate joint rules with the commissioners of credit unions and savings and loan that establish procedures for enforcing a lender's rights in security given for a loan under this subsection.

SECTION 5. Nonstatutory provisions. The commissioners of credit unions, savings and loan and banking shall submit the proposed rules required under sections 186.098 (12), 215.21 (1) (c) and 221.295 (6) of the statutes, as created by this act, to the legislative council staff under section 227.15 (1) of the statutes no later than the

– 2 –

1989 Assembly Bill 524

first day of the 19th month beginning after the effective
date of this SECTION.
