

## Chapter DFI-SB 2

### GENERAL PROVISIONS

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**Note:** Chapter SB 2 was renumbered ch. DFI-SB 2 under s. 13.93 (2m) (b) 1., Stats., and corrections made under s. 13.93 (2m) (b) 6. and 7., Stats., Register, November, 1997, No. 503.

**DFI-SB 2.01 Purpose.** The purpose of chs. DFI-SB 1 to 22 is to provide rules and procedures for the organization, incorporation, examination, operation, regulation and supervision of savings banks, giving primary consideration to protecting the safety and soundness of these financial institutions operating in this state. Lending and investment authorities provided under statutes and rules are intended to provide savings banks the necessary flexibility to accept deposits and make loans and investments under ch. 214, Stats.

**History:** Cr. Register, February, 1994, No. 458, eff. 3–1–94.

**DFI-SB 2.02 Safety and soundness.** Subject to supervision by the division, the board of directors of each savings bank shall assure that the savings bank operates in a safe and sound manner, adhering to sound business practices, applicable state and federal statutes, state rules and federal regulations.

**Note:** This section interprets or implements s. 214.345 and 214.715, Stats.

**History:** Cr. Register, February, 1994, No. 458, eff. 3–1–94.

**DFI-SB 2.03 Supervisory orders. (1) PURPOSE.** To carry out the division's supervisory responsibilities, the division may issue a supervisory order when he or she determines that a savings bank or a savings bank holding company, subsidiary, service corporation or affiliate is:

(a) Violating the provisions of its articles of incorporation, bylaws, a state or federal law, a state rule or a federal regulation applicable to it or any order issued by the division; or

(b) Engaging in any unsafe or unsound practice.

**(2) FORMAT.** A supervisory order issued under s. 214.74, Stats., shall be captioned "SUPERVISORY ORDER UNDER SECTION 214.74 STATUTES". If it is not so captioned, it does not constitute a supervisory order under that section.

**Note:** This section interprets or implements ss. 214.715 (1) (a) and (c) and 214.74, Stats.

**History:** Cr. Register, February, 1994, No. 458, eff. 3–1–94.

**DFI-SB 2.04 Division's authority.** The division may do all of the following:

**(1) LIMIT INVESTMENT OR ACTIVITY.** Restrict or prohibit any investment or activity of a savings bank upon determining that an investment or activity violates or may violate s. DFI-SB 2.02.

**(2) REQUIRE CORRECTIVE ACTION.** Require a savings bank to correct any violation by it, its holding company or a subsidiary, service corporation or affiliate if any of these entities are found to violate any applicable state or federal statute, state rule, federal regulation or a directive of the division. The division may require corrective action when he or she determines a savings bank's lending practices or procedures are imprudent, even though individual loans may comply with any applicable state or federal statute, state rule, federal regulation or a directive of the division.

**(3) REQUIRE HIGHER LIQUIDITY.** Under ch. DFI-SB 3, require a savings bank to maintain a higher level of liquidity than the requirement of an applicable federal insuring agency.

**(4) REQUIRE REAPPRAISALS.** Require reappraisals of property securing a savings bank's loan at the savings bank's expense.

**(5) REQUIRE ACTION ON UNDERSECURED REAL ESTATE LOANS.** (a) If the division determines that the current market value of the real estate collateral and any other collateral which is acceptable security for a mortgage loan is less than the outstanding balance of the loan, require the savings bank to:

1. Obtain additional collateral acceptable to the division;
2. Reduce the book value of the loan to the current market value of the acceptable collateral; or
3. Establish a valuation reserve reflecting the difference between the outstanding balance of the mortgage loan and the current market value of the acceptable collateral.

(b) For purposes of this section, the division shall accept collateral of the kind specified in s. DFI-SB 13.02 (3) (d) 4. and may accept such other collateral as he or she deems appropriate.

**(6) EXAMINATIONS AND REPORTS.** Examine holding companies, subsidiaries, service corporations or affiliates and require them to file reports of their financial condition when requested.

**(7) OTHER ACTION.** Take or direct such other action with regard to the safety and soundness of a savings bank as is consistent with the authority of the division under ch. 214, Stats.

**Note:** This section interprets or implements ss. 214.715 (1) (a) and (c) and 214.74, and 214.765, Stats.

**History:** Cr. Register, February, 1994, No. 458, eff. 3–1–94.

**DFI-SB 2.05 Complaints against savings banks.**

**(1) WHERE TO COMPLAIN.** Any person with a complaint against a savings bank who has been unable to satisfactorily resolve it after discussing it with the management of the savings bank may file a written complaint with the division.

**(2) CONTENTS OF COMPLAINTS.** Written complaints to the division shall contain:

- (a) The name and address of the complainant.
- (b) The name of the savings bank and the person complained of or involved, or both.
- (c) A concise statement of the facts underlying the complaint.
- (d) A statement of the specific action requested of the savings bank.

(e) If the complainant has discussed the matter with a representative of the savings bank, the dates of any discussions and name of the representatives.

**Note:** Address complaints to the Department of Financial Institutions, Division of Banking, 4822 Madison Yards Way, North Tower, 5th Floor, PO Box 7876, Madison, WI 53707–7876.

**(3) PROCEDURE UPON RECEIPT OF A WRITTEN COMPLAINT.** (a) If the respondent is a savings bank which has formed an organization with other financial institutions to hear complaints, the division may refer the complaint to that organization, if no officer, director or employee of the savings bank being complained about participates as a member of the organization in processing the complaint. If there is no such organization, or if after using it the complainant or the respondent seeks further aid from the division, the division shall investigate the complaint.

(b) Upon receiving a written complaint, the division shall determine whether additional information is needed and if so, request it. The division may send a copy of the complaint to an officer of the savings bank complained about and request additional facts and the savings bank's reply.

(c) After the investigation under pars. (a) and (b), if the division finds probable cause to believe that there has been a violation of a law, state rule or federal regulation, the division shall immediately endeavor to correct the probable violation by conference, conciliation, persuasion or order. If the division determines that the savings bank has corrected the alleged violation, he or she shall dismiss the complaint and so notify the parties. However, if the division determines that efforts at resolution have been unsuccessful, he or she may hold a hearing on the complaint. After the hearing, the division shall issue written findings of fact and conclusions of law, and may make such orders as he or she deems just, reasonable and appropriate.

(d) If, after investigation, the division finds no probable cause or refers the complaint for action by another person or agency, he or she shall so notify the complainant and the savings bank.

**Note:** This section interprets or implements s. 214.715 (1) (a) and (c), Stats.

**History:** Cr. Register, February, 1994, No. 458, eff. 3-1-94.

**DFI-SB 2.06 Communications with members.**

**(1) RIGHT TO COMMUNICATE.** Each member of a mutual savings bank may communicate with other members of the savings bank with reference to any question pending or to be presented at an annual or special meeting.

**(2) REQUEST TO THE SAVINGS BANK.** A member wishing to communicate with other members may request the savings bank in writing to provide the member with the approximate number of members of the savings bank and the estimated cost that would be incurred by the savings bank in handling and mailing a proposed communication. The savings bank shall reply within 5 business days after receipt of the request.

**(3) NOTICE TO COMMISSIONER.** (a) A member wishing to communicate with other members shall submit to the division a signed request containing:

1. The requester's full name and address.
2. The nature and extent of his or her interest in the savings bank.
3. A statement of the meeting date, a copy of the communication, and reason for or the purpose of the communication requested.

(b) The request in par. (a) shall be furnished to the division not less than 10 days before the meeting at which the subject of the communication is to be presented for consideration.

**Note:** Address complaints to the Department of Financial Institutions, Division of Banking, 4822 Madison Yards Way, North Tower, 5th Floor, PO Box 7876, Madison, WI 53707-7876.

**(4) DIVISION'S REVIEW.** If the division finds the communication not appropriate or accurate, the division shall, within 5 business days after the receipt of the request, notify the requester of the division's decision and the reason for it. If the division finds the communication to be appropriate and accurate, the division shall within 5 business days after receipt of the request direct the savings bank to prepare and mail the communication to the members upon the requester's payment or adequate provision for payment of the expenses of preparation and mailing.

**(5) SAVINGS BANK'S RESPONSE.** (a) Within 5 business days after receiving request and the commissioner's positive determination under sub. (4), and of payment or adequate provision for payment of the expenses of preparation and mailing, the savings bank shall do the mailing.

(b) If circumstances beyond the savings bank's control are anticipated to prevent mailing the proposed communication in time for it to be received by members prior to a meeting indicated by the requester, the savings bank shall so notify the division and the requester promptly and include an explanation.

**Note:** This section interprets or implements s. 214.37 (5), Stats.

**History:** Cr. Register, February, 1994, No. 458, eff. 3-1-94.