



**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1997 ASSEMBLY BILL 746**

January 29, 1998 – Offered by Representative WARD.

1 **AN ACT to repeal** 186.01 (3g), 186.01 (6), 186.02 (2) (a) 5k. and 186.12 (2); **to**
2 **amend** 186.015 (5), 186.07 (5) (c), 186.07 (6), 186.071 (1) (a), 186.071 (1) (b),
3 186.08 (1m) (c), 186.098 (13) (a), 186.10 (2), 186.113 (1), 186.12 (title), 186.13,
4 220.285 (1), 220.285 (2), 708.10 (1) (e) 2. and 708.10 (1) (e) 3.; **to repeal and**
5 **recreate** 186.19; and **to create** 186.113 (1m) (title), 186.113 (23), 186.235 (7)
6 (b) 1m. and 186.71 of the statutes; **relating to:** the powers and duties of credit
7 unions and their directors, officers, employes and members; and the “good
8 funds” requirements for loan closings.

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

- 9 **SECTION 1.** 186.01 (3g) of the statutes is repealed.
10 **SECTION 2.** 186.01 (6) of the statutes is repealed.
11 **SECTION 3.** 186.015 (5) of the statutes is amended to read:

1 186.015 **(5) REVIEWS.** Any interested person aggrieved by any act, order or
2 determination of the office of credit unions that relates to credit unions may, within
3 60 days after the date of the act, order or determination, apply for review by the
4 review board. The review board shall determine if the office of credit unions acted
5 within the scope of the office's authority, has not acted in an arbitrary or capricious
6 manner and has based the act, order or determination on evidence supported by the
7 record. The review board shall dispose of a review application within 60 days after
8 the date on which it is received, unless the review board designates a hearing
9 examiner, in which case the review board shall dispose of the review application
10 within 180 days after the date on which it is received.

11 **SECTION 4.** 186.02 (2) (a) 5k. of the statutes is repealed.

12 **SECTION 5.** 186.07 (5) (c) of the statutes is amended to read:

13 186.07 **(5)** (c) The director is unable to be bonded ~~for all activities of the credit~~
14 ~~union~~ in accordance with the standards set by the board of directors.

15 **SECTION 6.** 186.07 (6) of the statutes is amended to read:

16 186.07 **(6) REMOVAL NOTICE AND APPEAL.** A director who is removed under sub.
17 (5) or s. 186.071 (2) shall be given notice of removal ~~and shall be given an opportunity~~
18 ~~to appeal before the board of directors.~~ The removed director may petition the board
19 of directors to reconsider its decision. If the board of directors does not reinstate the
20 director, the director may appeal the decision of the board of directors to the office
21 of credit unions. If the office of credit unions determines that the removal of the
22 director was improper, the office of credit unions shall order the reinstatement of the
23 director and, if the board of directors has already appointed a person to fill the
24 vacancy created by the removal of the director, the removal of such person.

25 **SECTION 7.** 186.071 (1) (a) of the statutes is amended to read:

1 186.071 (1) (a) Keep confidential the financial affairs of credit union members,
2 unless state and federal laws, security requirements or sound lending practices
3 require permit disclosure.

4 **SECTION 8.** 186.071 (1) (b) of the statutes is amended to read:

5 186.071 (1) (b) Keep confidential the records and accounts of the credit union
6 and the deliberations of the board of directors unless state or federal law requires
7 permits disclosure.

8 **SECTION 9.** 186.08 (1m) (c) of the statutes is amended to read:

9 186.08 (1m) (c) Setting the type and amount of surety bond required of ~~each~~
10 ~~officer having custody of funds~~ for directors, officers and employees.

11 **SECTION 10.** 186.098 (13) (a) of the statutes is amended to read:

12 186.098 (13) (a) Subject to any limitation on security interests identified in s.
13 422.417 (3) and if the loan agreement or endorsement permits it, a credit union shall
14 have a lien on the share deposits and deposit accounts and accumulated dividends
15 of a member for any amount owed the credit union by the member and for any loan
16 endorsed by the member. Upon the default of the owner of the account in an
17 obligation owed to the credit union, the credit union shall have a right of immediate
18 setoff for each share deposit and deposit account unless prohibited under 12 CFR
19 226.12 (d). ~~Sections~~ If the loan is a consumer credit transaction as defined in s.
20 421.301 (10), ss. 425.104 and 425.105 apply to a default under this paragraph. The
21 credit union may also refuse to allow withdrawals from any share deposit or deposit
22 account in an amount not to exceed any delinquent obligation to the credit union.

23 **SECTION 11.** 186.10 (2) of the statutes is amended to read:

24 186.10 (2) **SHARES IN TRUST.** Shares may be issued in trust, subject to any
25 conditions prescribed in the bylaws. Share accounts and deposit accounts may be

1 ~~owned held~~ by a member in trust for a beneficiary, ~~or owned held~~ by a nonmember
2 in trust for a beneficiary who is a member or held by a nonmember custodian for a
3 member pursuant to ss. 880.61 to 880.72.

4 **SECTION 12.** 186.113 (1) of the statutes is amended to read:

5 186.113 (1) BRANCH OFFICES. If the need and necessity exist and with the
6 approval of the office of credit unions, establish branch offices inside this state or no
7 more than 25 miles outside of this state. Permanent records may be maintained at
8 branch offices established under this subsection. In this subsection, the term
9 “branch office” does not include a remote terminal, a limited services office or a
10 service center.

11 **SECTION 13.** 186.113 (1m) (title) of the statutes is created to read:

12 186.113 (1m) (title) LIMITED SERVICES OFFICES.

13 **SECTION 14.** 186.113 (23) of the statutes is created to read:

14 186.113 (23) ACCEPT INVESTMENTS. Accept investments made by state or
15 federally chartered credit unions.

16 **SECTION 15.** 186.12 (title) of the statutes is amended to read:

17 **186.12 (title) Compensation of officers, sureties, operation expenses.**

18 **SECTION 16.** 186.12 (2) of the statutes is repealed.

19 **SECTION 17.** 186.13 of the statutes is amended to read:

20 **186.13 Expulsion.** If the board of directors adopts a written policy, a credit
21 union may expel a member if the member neglects or refuses to comply with this
22 chapter or the credit union bylaws or if the board has other just cause. The credit
23 union shall provide notice to the member in writing of the reason for expulsion. The
24 notice shall include a description of the member’s right to a hearing and the time
25 period for the member to request a hearing. If a member requests a hearing in

1 writing within 45 days of receipt of the expulsion notice, the board shall give the
2 member an opportunity to be heard on the expulsion within 90 days after the date
3 of the expulsion notice.

4 **SECTION 18.** 186.19 of the statutes is repealed and recreated to read:

5 **186.19 Bonding requirements.** A credit union shall maintain the necessary
6 bonds for directors, officers and employes according to any standards prescribed by
7 the national board.

8 **SECTION 19.** 186.235 (7) (b) 1m. of the statutes is created to read:

9 186.235 (7) (b) 1m. Furnish any state regulatory authority regulating state
10 financial institutions with a copy of any examination made by the office of credit
11 unions of any credit union or of any report made by the credit union, if the authority
12 agrees to treat the information received under this subdivision with the same degree
13 of confidentiality that is required of employes of the office of credit unions under par.
14 (a).

15 **SECTION 20.** 186.71 of the statutes is created to read:

16 **186.71 Reproduction and destruction of records; evidence.** (1) Any
17 credit union may cause any or all records kept by such credit union to be recorded,
18 copied or reproduced by any photostatic, photographic or miniature photographic
19 process or by optical imaging if the process employed correctly, accurately and
20 permanently copies, reproduces or forms a medium for copying, reproducing or
21 recording the original record on a film or other durable material. A credit union may
22 thereafter dispose of the original record after first obtaining the written consent of
23 the office of credit unions.

24 (2) Any photographic, photostatic or miniature photographic copy or
25 reproduction or copy reproduced from a film record or any copy of a record generated

1 from optical disk storage of a credit union record is considered to be an original record
2 for all purposes and shall be treated as an original record in all courts or
3 administrative agencies for the purpose of its admissibility in evidence. A facsimile,
4 exemplification or certified copy of any such photographic copy or reproduction, copy
5 reproduced from a film record or copy generated from optical disk storage of a record
6 shall, for all purposes, be considered a facsimile, exemplification or certified copy of
7 the original record.

8 **SECTION 21.** 220.285 (1) of the statutes is amended to read:

9 220.285 (1) Any state bank, trust company bank, licensee under s. 138.09,
10 138.12, 218.01, 218.02, 218.04 or 218.05 or ch. 217 ~~or credit union~~ may cause any or
11 all records kept by such bank, or licensee ~~or credit union~~ to be recorded, copied or
12 reproduced by any photostatic, photographic or miniature photographic process or
13 by optical imaging if the process employed correctly, accurately and permanently
14 copies, reproduces or forms a medium for copying, reproducing or recording the
15 original record on a film or other durable material. A bank, or licensee ~~or credit union~~
16 may thereafter dispose of the original record after first obtaining the written consent
17 of the division. This section, excepting that part of it which requires written consent
18 of the division, is applicable to national banking associations insofar as it does not
19 contravene federal law.

20 **SECTION 22.** 220.285 (2) of the statutes is amended to read:

21 220.285 (2) Any photographic, photostatic or miniature photographic copy or
22 reproduction or copy reproduced from a film record or any copy of a record generated
23 from optical disk storage of a bank record, or record of a licensee ~~or credit union~~
24 record is deemed considered to be an original record for all purposes and shall be
25 treated as an original record in all courts or administrative agencies for the purpose

1 of its admissibility in evidence. A facsimile, exemplification or certified copy of any
2 such photographic copy or reproduction, copy reproduced from a film record or copy
3 generated from optical disk storage of a record shall, for all purposes, be deemed
4 considered a facsimile, exemplification or certified copy of the original record.

5 **SECTION 23.** 708.10 (1) (e) 2. of the statutes is amended to read:

6 708.10 (1) (e) 2. Cashier's check or teller's check.

7 **SECTION 24.** 708.10 (1) (e) 3. of the statutes is amended to read:

8 708.10 (1) (e) 3. A check that is negotiable, as defined in s. 403.104 (1), and on
9 which the lender or an affiliate of the lender is the ~~payer~~ drawee, as defined in s.
10 403.103 (1) (b).

11 **SECTION 25. Initial applicability.**

12 (1) DISPOSAL OF APPLICATIONS FOR REVIEW. The treatment of section 186.015 (5)
13 of the statutes first applies to applications for review submitted on the effective date
14 of this subsection.

15 (2) DIRECTOR REMOVAL. The treatment of section 186.07 (6) of the statutes first
16 applies to directors removed on the effective date of this subsection.

17 (END)