

CHAPTER 215.

SAVINGS AND LOAN ASSOCIATIONS.

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DEFINITIONS

215.01 Words and phrases defined. In this chapter the definitions in this section apply unless the context clearly indicates otherwise. That is to say:

- (1) "Advisory committee" means the savings and loan advisory committee.
- (2) "Association" means a savings and loan association or a building and loan association.
- (3) "Board" means the board of directors of a savings and loan association.
- (4) "Borrowing member" means a member, who has subscribed for shares and made the initial payment thereon, and to whom money of the association is loaned or one who is the owner of real estate upon which the association holds a mortgage.
- (5) "Capital" means the aggregate of payments upon all share accounts, plus dividends credited thereto, less repurchase payments or depreciation charges made pursuant to this chapter.
- (6) "Commissioner" means the commissioner of savings and loan associations.
- (7) "Direct reduction mortgage loan" means a loan the principal of which is repayable in regular monthly instalments, and on which interest charges are adjusted monthly or semiannually.

(8) "Dividend waiver mortgage loan" means a loan the principal of which is repayable by semiannual transfers of the borrowing member's pledged dividend waiver shares on June 30th and December 31st of each year, and on which the interest charges are adjusted semiannually.

(9) "Dividend waiver shares—pledged" mean share payments on which all dividends have been waived by the borrowing member and pledged as collateral security for the repayment of a dividend waiver mortgage loan.

(10) "Federal savings and loan association" means a savings and loan association organized pursuant to an act of congress, approved June 30, 1933, entitled "Home Owners' Loan Act of 1933", and any acts amendatory thereof and supplementary thereto.

(11) "Foreign association" means a savings and loan association organized under the laws of any other state or territory.

(12) "Gross income" means the sum for an accounting period of the following:

- (a) Operating income;
- (b) Real estate income;
- (c) All profits from the sale of securities, real estate or other assets;
- (d) Other nonrecurring income.

(13) "Guaranteed mortgage loans" mean loans partially guaranteed by the administrator of veterans' affairs of the United States veterans' administration under the servicemen's readjustment act of 1944, United States Public Law 346, 78th Congress, and acts amendatory thereof and supplementary thereto.

(14) "Impairment of capital" means that the assets of an association do not have an aggregate appraised value equal to the capital and other liabilities of the association.

(15) "Instalment savings shares" mean those being paid for on a partial payment plan.

(16) "Insured association" means an association whose members' share accounts are insured by the federal savings and loan insurance corporation.

(17) "Insured loans" mean loans partially insured by the federal housing administrator.

(18) "Legal reserve" means the required statutory reserve, established out of the association's net income, for the purpose of absorbing losses.

(19) "Matured instalment savings shares" mean that the par value of the share or shares subscribed for has been attained by the aggregate share payments of the member plus the dividends credited thereto.

(20) "Member" means a person, firm, copartnership, corporation, association, the home owners' loan corporation and other federal agencies who have subscribed for shares and made the initial payment thereon.

(21) "Mortgage pledged shares" mean:

- (a) Dividend waiver shares pledged as collateral security for the repayment of a dividend waiver mortgage loan.
- (b) Instalment savings shares pledged as collateral security for the repayment of a share account sinking fund mortgage loan.

(22) "Net income" means the gross income for an accounting period, less the aggregate of the following:

- (a) Operating expenses;
- (b) Real estate expenses;
- (c) Losses sustained on the sale of securities, real estate and other assets that were not charged to reserves;
- (d) Interest paid or accrued on all borrowed money;
- (e) Other nonoperating charges.

(23) "Net earnings available for dividends" means the net income for an accounting period less the amounts transferred to the legal reserve, the federal insurance reserve and undivided profits.

(24) "Net operating income" means the gross operating income for an accounting period less the operating expenses.

(25) "Operating expenses" mean all expenses paid or accrued during an accounting period exclusive of interest charges on borrowed money, losses sustained on the sale of assets, and other nonrecurring charges.

(26) "Operating income" means all income received during an accounting period exclusive of nonrecurring income.

(27) "Optional instalment savings shares" mean instalment savings shares upon which payments are made in varying amounts at regular or irregular intervals on the share or shares subscribed.

(28) "Paid-up shares" mean shares fully paid at the time of issue.

(29) "Participation value of shares" means the aggregate of payments by a member upon either instalment savings shares or paid-up shares, plus dividends credited thereto, less repurchase payments and depreciation charges made pursuant to this chapter.

(30) "Prepaid instalment savings shares" mean shares upon which a single payment is made in the amount of 75 per cent of the par value of the share or shares subscribed, and attain said par value of the share or shares subscribed by the periodic additions of dividends.

(31) "Real estate income" means all rent income actually received during an accounting period on real estate owned, exclusive of income from the association's office building and exclusive of profits on real estate sold.

(32) "Regular instalment savings shares" mean shares upon which payments are made in stated amounts at regular intervals on the share or shares subscribed.

(33) "Redemption of shares" means the repurchasing of shares at the direction of the board of directors.

(34) "Redemption price of shares" means the participation value thereof.

(35) "Repurchasable shares" mean the aggregate of instalment savings shares, exclusive of those pledged as collateral security for the repayment of mortgage loans, and paid-up shares.

(36) "Repurchase of shares" means the payments made by the association to members, upon receipt of their written repurchase requests for the partial or complete repurchase of said members' share accounts.

(37) "Repurchase value of shares" means the participation value thereof.

(38) "Requests for repurchases of shares" mean the written applications of members requesting partial or complete repurchase of their share accounts by the association.

(39) "Savings and loan association" means a corporation created for the purpose of raising money to be loaned to its members, and organized pursuant to the provisions of this chapter.

(40) "Share account sinking fund mortgage loan" means a loan the principal of which is contracted to be repaid with the participation value of an instalment savings share account, pledged as collateral security for the repayment of the loan.

(41) "Share and creditor liability" means the aggregate of the following:

- (a) Repurchasable shares;
- (b) Mortgage pledged shares;
- (c) Advances from the federal home loan bank;
- (d) Other borrowed money;
- (e) Loans in process;
- (f) Advance payments by borrowing members for taxes and insurance.

(42) "Share loan" means a loan made to a member on the collateral security of repurchasable shares.

(43) "Share payments" mean the amounts paid by members on either repurchasable instalment savings shares or mortgage pledged instalment saving shares.

INCORPORATION

215.02 Incorporation. (1) **USE OF NAME.** A corporation organized under this chapter shall be known as a savings and loan association. The words "savings and loan association" shall form part of the name of every such association organized, and no corporation not organized under this chapter shall use a name embodying those words, except that associations now existing may continue their present names. The name adopted by any association shall not be the same as that of any other association, nor so similar as to be liable to mislead.

(2) **WHO MAY ORGANIZE.** Adult citizens of Wisconsin desiring to organize a savings and loan association under this chapter shall make application to the commissioner of savings and loan associations in the manner prescribed on a form furnished by the commissioner.

(3) **APPLICATION TO ORGANIZE.** The application to organize an association shall be in duplicate and shall set forth:

- (a) The location of the proposed association;
- (b) The character of the business to be transacted;
- (c) The full name, residence and occupation of each applicant;
- (d) Such other information as the commissioner requires;
- (e) The need of an additional association in the locality in which they intend to locate;
- (f) The name of the proposed association. Any association may, in lieu of the words "Savings and Loan", use the words "Building and Loan" for part of its corporate name.

(4) **APPLICATION FEE.** The applicants shall pay to the commissioner \$50 to defray the cost of investigation of the application, which sum shall be paid by him into the state treasury.

(5) NOTICE OF APPLICATION AND HEARING THEREON. Upon receipt of an application properly executed, the commissioner shall, within 30 days, forward to the applicants a copy of an official notice of application for authority to organize an association, which notice shall contain the facts required to be given in the application, and assigning a date and place for hearing on the application. The notice shall be mailed by the commissioner to all associations doing business within a radius of 2 miles of the proposed location of the new association, and shall be published once each week for 4 consecutive weeks by the applicants, in a newspaper published in the city, town or village where the association is to be located. If no newspaper is published therein, then in a newspaper published in the county, or if none is published in the county, then the newspaper published at the nearest county seat. Proof of publication shall be filed with the commissioner.

(6) CERTIFICATE OF AUTHORITY, WHEN ISSUED. If the application is approved, the commissioner shall issue to the applicants a certificate of authority to effect a temporary organization, consisting of a chairman, a secretary and a treasurer; to execute and file articles of incorporation; to adopt and file by-laws; rules for the procedure of the incorporators and conduct of the first meeting of the shareholders; and to open subscription books for shares.

(7) CERTIFICATE OF AUTHORITY, WHEN VOIDED. The certificate of authority shall be void after 90 days from its date, but the commissioner may for cause, after a hearing, extend the life of such certificate not exceeding 30 days.

(8) DUTIES OF TEMPORARY OFFICERS. The chairman shall preside at all meetings and shall exercise such other duties as ordinarily pertain to the position. The secretary shall attend to the correspondence; shall record fully all proceedings of meetings; preserve all documents and papers of the association, and shall file the necessary papers with the commissioner. The treasurer shall receive all moneys paid in, keep a true account thereof, and deposit the same in the designated depository, and shall pay valid orders.

(9) SURETY BONDS OF TEMPORARY OFFICERS AND AGENTS. The incorporators shall require a surety bond in a suitable amount from the treasurer, and other officers and agents who may handle funds of the association.

(10) PAYMENT OF ORGANIZATION EXPENSES. Claims against the association shall be audited by the incorporators, and record of the action thereon noted in the minutes. If ordered paid, an order shall be drawn upon the treasurer and signed by the president and secretary.

(11) POWERS OF INCORPORATORS. The incorporators shall, until the completion of the organization, exercise such other powers as are conferred upon the incorporators of other corporations so far as such powers are not in conflict with this chapter.

(12) COMPENSATION FOR ORGANIZING AN ASSOCIATION PROHIBITED. No person shall directly or indirectly receive or contract to receive any commission, salary, compensation, bonus, rights or privileges for organizing the association, or for securing a subscription to the original capital stock of the association, as provided in subsection (13). This section does not prohibit attorneys at law from receiving reasonable compensation for legal services in connection therewith, after the association has been granted a certificate of incorporation. Whoever violates this subsection shall forfeit to the state \$1,000 for each violation, and in addition double the amount of his commission, salary, compensation or bonus.

(13) MINIMUM MEMBERSHIP. In any municipality of less than 10,000 inhabitants, no association shall be organized with less than 50 members and 500 instalment shares; and in any municipality of 10,000 and less than 100,000 inhabitants, no association shall be organized with less than 100 members and 1,000 instalment shares; and in any municipality of over 100,000 and less than 400,000 inhabitants, no association shall be organized with less than 250 members and 2,500 instalment shares; and in any municipality of over 400,000 inhabitants, no association shall be organized with less than 300 members and 6,000 instalment shares. The initial share payments from the subscribing members shall be deposited in a bank before any association shall be granted a certificate of incorporation.

(14) CERTIFICATE OF INCORPORATION, WHEN ISSUED. Associations may be organized and conducted under the general laws relating to corporations except as otherwise provided in this chapter; but the articles of incorporation, amendments thereof and all papers relating thereto shall be filed with the commissioner. He may issue the certificate of incorporation, but not until a verified copy of the by-laws adopted by the incorporators is filed with and approved by him; and until such certificate of incorporation is issued, no association shall have legal existence and only such by-laws and amendments thereof as have been filed and approved shall be operative.

(15) **FEE FOR CERTIFICATE OF INCORPORATION.** The incorporators shall pay to the commissioner a fee of \$25 for the certificate of incorporation, which sum shall be paid by him into the state treasury.

(16) **FEE FOR FILING AMENDMENTS TO ARTICLES.** The fee for filing amendments to the articles of incorporation shall be \$5, which shall be paid to the commissioner, and all fees received by him shall be paid into the state treasury.

(17) **CERTIFICATE OF INCORPORATION, WHEN VOIDED.** Any association failing to commence business within one year from the date of the certificate of incorporation shall cease to exist and its articles of incorporation and certificate of incorporation shall be void.

(18) **ISSUANCE OF CERTIFICATE OF AUTHORITY AND OF INCORPORATION DISCRETIONARY.** The commissioner shall have discretionary power in the granting of certificates of authority to incorporators desiring to organize such associations. He may also refuse to issue certificates of incorporation when the plan of operation, outlined in the articles of incorporation and the by-laws submitted, does not comply with the statutes or the accepted and prevailing practices of associations in this state; or when the incorporators or any of them are not of such character, responsibility and general fitness as to warrant the belief that the association will be conducted for the best interests of the members; when the location of the association is so close to an existing association that its business might be interfered with and the support of the new association would not be such as to assure its success; or when other good and sufficient reasons exist for such refusal.

(19) **APPEAL BY APPLICANTS AFTER BEING DENIED CERTIFICATE OF AUTHORITY.** If the commissioner refuses to grant a certificate of authority, and the applicants feel aggrieved thereby, they may appeal to the advisory committee, and such committee shall have the same jurisdiction over such appeal as the bank review board has over appeals in the case of the incorporation of banks, and the review procedure under this section shall be the same as that provided for said board of review to a bank in section 220.035.

(20) **ONE OFFICE ONLY.** No savings and loan association or building and loan association carrying on business in this state shall operate or maintain any branch offices, paying or receiving stations, agencies or branch associations within this state.

(21) **CHANGE OF LOCATION OF ASSOCIATION OFFICE.** (a) Except as provided in paragraph (c), no association may move its location to some other town, village or city.

(b) Any association, which determines to move its office to some other location in the same town, village or city, shall make application to the commissioner. If the proposed location is more than one mile from its then location, the provisions of this section as to application, location, need, notice, hearing, fees (not to exceed the cost of investigation) and approval of the new location are applicable to the application to change its location.

(c) Whenever the commissioner deems it for the best interest of the shareholders, he may, with the approval of the advisory committee, authorize a change of the location of an association for the purpose of stabilization, reorganization, consolidation or grouping.

Advisory committee hearing an appeal to receive additional evidence at the hearing from the commissioner has statutory power on appeal. 39 Atty. Gen. 242.

STRUCTURE OF CORPORATION

215.03 Articles of incorporation and by-laws. (1) **REQUIRED PROVISIONS.** The articles of incorporation or the by-laws must specify:

- (a) The manner in which persons may become and cease to be members;
- (b) The terms on which certificates for shares are to be issued, the form thereof and the fees therefor;
- (c) The manner and condition of transfer of shares and fees therefor;
- (d) The manner of renewing lost or destroyed certificates and fees therefor;
- (e) The time and manner of making payments on instalment savings shares;
- (f) The fines for nonpayment of any sum due or for other defaults or violation of rules;
- (g) The manner and procedure for share repurchases;
- (h) The regulations as to share redemptions;
- (i) Provisions for the custody and handling of securities, and the banking and disbursing of funds;
- (j) When and how meetings shall be called and held, and what shall constitute a quorum;
- (k) Whether voting by proxy be permitted;
- (l) The election and removal of officers and directors, and the filling of vacancies.
- (m) The power of directors to appoint and remove, by resolution, an executive com-

mittee, the members of which shall be directors, and which committee shall have the power of the board between the meetings of the board;

(n) The duties of officers and directors;

(o) When and by whom the compensation of officers, directors, employes, and committee members shall be fixed, but if the compensation is fixed by the board, it shall be fixed by majority vote;

(p) Provision for such other rules and regulations, not inconsistent with law or the articles of incorporation, as the business of the association may require;

(q) The provision 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 this chapter.

(2) INTEREST RATE ON LOANS. Where the by-laws do not specify the interest rate to be charged on loans, the board shall by resolution fix and determine the interest rate to be charged on loans, subject to written approval of the commissioner.

(3) BONUS ON INSTALMENT SAVINGS SHARES. The by-laws may provide a bonus on instalment savings shares to be paid to shareholders for consistent and regular payments, not in excess of one per cent per annum.

(4) BY-LAWS AVAILABLE TO MEMBERS. Each association shall have its by-laws prepared in convenient form and upon request shall furnish a copy to any member.

215.04 Capital. (1) DEFINITION. The share capital of any association is unlimited and shall consist of and be the aggregate of payments upon all share accounts and dividends credited thereto, less repurchase payments or depreciation charges made pursuant to this chapter.

(2) CLASSES OF SHARE CAPITAL. The share capital of an association shall be divided into the following classes:

(a) Paid-up shares which shall be paid in full at the time of issue, and shall be issued in amounts of \$100 or multiples thereof;

(b) Instalment savings shares which shall be paid for on a partial payment plan, and the payments made thereon shall be called share payments. The by-laws may provide that instalment savings shares be divided into several classes. Associations may provide for instalment savings shares with the par value of \$100 per share.

(3) PAYMENTS OF SHARE ACCOUNTS. Payments on share accounts may be made at any time, except as otherwise determined by the board of directors, in cash or property in which the association is authorized to invest. In the absence of actual fraud in the transaction, the value of the property taken in payment of share accounts, as determined by the board of directors, shall be conclusive.

(4) PARTICIPATION VALUE IN SHARE CAPITAL. The participation value in the share capital of each share account, held by a member, shall be the aggregate of payments upon such share account and dividends credited thereto, less repurchase payments and depreciation charges.

(5) RESPONSIBILITY FOR LOSSES. All share accounts shall be nonassessable; and no holder thereof shall be responsible for any losses incurred by the association beyond the loss of the participation value of his share accounts.

(6) SHARE CERTIFICATES. (a) Share accounts for paid-up shares or share accounts for instalment savings shares may be represented by separate share certificates.

(b) The board of directors may designate one or more persons to sign share certificates.

(7) PASSBOOK FOR INSTALMENT SAVINGS SHARES. Members, making payments on instalment savings shares, shall receive instalment savings share certificates and passbooks evidencing the participation value of their share accounts.

215.05 Cancellation of share certificates and passbooks. Whenever any share accounts are redeemed or repurchased in full, the share certificates and the passbooks shall be surrendered and canceled. In case of partial repurchase of paid-up shares, the share certificate shall be canceled and a new share certificate issued for the shares remaining in force. In case of partial repurchase of instalment savings shares, the amount of the repurchase shall be entered in the member's passbook.

215.06 Redemption of share accounts. (1) WHEN PERMITTED. At any time funds are on hand for the purpose, the association may redeem by lot or otherwise as the board determines, all or part of its share accounts on a dividend date, by giving 30 days' notice by registered mail addressed to the holders at their last recorded address.

(2) WHEN NOT PERMITTED. The association shall not redeem any share accounts when there is an impairment of share capital or when it has written applications for repurchases of shares on file more than 30 days and not reached for payment.

(3) **REDEMPTION PRICE.** The redemption price of share accounts shall be the participation value or such amount in excess of the participation value as may be determined by the board of directors.

(4) **BONUS PAYABLE AT REDEMPTION.** If a share account which is redeemed is entitled to participate in the reserve for bonus, the amount of such accrued participation shall be paid as part of the redemption price.

(5) **DIVIDENDS CEASE AFTER NOTICE OF REDEMPTION.** If the notice of redemption has been given, and if on or before the redemption date the funds necessary for redemption are available therefor, dividends upon the accounts called for redemption shall cease to accrue after the redemption date, and all rights with respect to such share accounts shall forthwith, after such redemption date, terminate, except the right of the holder of record to receive the redemption price without interest.

215.07 Repurchase of share accounts. (1) WHEN PERMITTED. The association may repurchase its share accounts at any time upon receipt of written repurchase requests therefor, and pay to the holders of such share accounts the repurchase value thereof.

(2) **REPURCHASE VALUE.** The repurchase value of share accounts is the participation value thereof.

(3) **REPURCHASE REQUESTS OF MEMBERS.** Members may, at any time, file with the association written repurchase requests for the partial or complete repurchase of their share accounts. Members, having filed written repurchase requests of their share accounts, remain members until paid and do not become creditors.

(4) **PAYMENT OF REPURCHASE REQUESTS.** Upon the receipt of the written repurchase requests, the association shall number and file same in the order received, and shall, either

(a) Pay the member the repurchase value of the share account, in part or in full as requested, or

(b) After 30 days from the receipt of such written repurchase requests, apply at least one-third of the preceding month's receipt, consisting of payments on share accounts and repayments of loans, to the repurchase of such share accounts in numerical order.

(c) If any member has filed a written repurchase request, wherein he applies for the repurchase of more than \$1,000 of his share account or accounts, he shall be paid \$1,000 in order when reached, and his repurchase request shall be charged with such amount and shall be renumbered and placed at the end of the list of unpaid repurchase requests, and thereafter, upon again being reached, shall be paid a like amount, but not exceeding the participation value of his share account, and until paid in full, shall be so paid, renumbered and placed at the end of the list of unpaid repurchase requests.

(d) When a written repurchase request is reached for payment, a written notice shall be sent to the member by registered mail at his last recorded address, and, unless the member shall apply in person or in writing for such repurchase payment within 30 days from the mailing date of such notice, no payment shall be made and such repurchase request shall be canceled.

(5) **REPURCHASES NOT EXCEEDING \$100.** The board may repurchase not exceeding \$100 of any one share account or accounts of any one member in any one month in any order regardless of whether or not such member has filed a written repurchase request.

215.08 Dividends on share accounts on which repurchase requests were filed. (1) MANNER IN WHICH COMPUTED. Whenever written repurchase requests for the repurchase of share accounts have been received by the association, said share accounts shall be without right to dividends from the time the repurchase request was received, except as follows:

(a) For the first dividend-paying period after receipt of the repurchase request, said share accounts shall not be entitled to dividends.

(b) For the second dividend-paying period after receipt of the repurchase request, such share accounts shall be entitled to one-half the rate of dividends declared on shares of the same class on which no repurchase requests were filed.

(c) For the third dividend-paying period after receipt of the repurchase request and thereafter such shares shall be entitled to the rate of dividends declared on shares of the same class on which no repurchase requests were filed.

(2) **PAYMENT OF DIVIDENDS.** Such dividends are to be paid or credited only on repurchasable shares on the books of the association on dividend paying dates.

215.09 Repurchases of share accounts other than in cash. A member may, with the approval of the commissioner and the board, apply his repurchasable shares toward the purchase price of real estate or toward the payment of his loans, taxes, insurance or any other item owing the association.

215.10 Share accounts of deceased members. The share accounts of a deceased member may be held and controlled by his administrator, executor or trustee of his estate, or 60 days after his death, his legal representatives may be paid the participation value of such share accounts; provided, that within such time, if the shares be pledged for a loan, the same shall be fully repaid. No fine shall be charged to a member's account after his decease unless future payments on such share accounts be assumed by his representatives.

215.11 Matured instalment savings shares. (1) **DEFINITION.** Instalment savings shares shall have matured when the aggregate of the member's share payments thereon and the dividends credited thereto equal the par value of the shares subscribed.

(2) **OPTIONS OF MEMBER AFTER INSTALMENT SAVINGS SHARES HAVE MATURED.** After instalment savings shares have matured, the member may:

- (a) Cease making further share payments thereon, or
- (b) If the matured instalment savings shares are repurchasable shares, continue to make share payments thereon, or
- (c) If the matured instalment savings shares are repurchasable shares, file a written repurchase request for said shares subject to the provisions of section 215.07.

215.12 Membership. (1) **WHO MAY BECOME A MEMBER.** Any person, firm, corporation, association, the home owners' loan corporation and other federal agencies may become a member of any association by subscribing in writing for membership therein and by either the purchase of its shares or by borrowing money from such association.

(2) **MAXIMUM OWNERSHIP OF SHARE ACCOUNTS.** No person, firm, corporation or association, except the home owners' loan corporation and other federal agencies, shall own shares exceeding in total participation value the sum of \$50,000 in any one association.

(3) **OWNERSHIP OF SHARE ACCOUNTS BY MINORS.** (a) Minors under 14 years of age may own share accounts held by a trustee or guardian.

(b) Minors above the age of 14 years may own share accounts, and shall then be subject to the same duties and liabilities as adult members. Payments for the repurchase of share accounts may, in the discretion of the board, be made to such minor, his parents or guardian, and the payments made on such repurchase shall be valid, as well as payments on forfeited shares or redeemed share accounts.

(4) **VOTING RIGHTS.** (a) Each member shall have one vote for each \$100 or fraction thereof appearing in his name on the books of the association.

(b) The by-laws may prohibit voting by proxy.

(c) Unless stated in the proxy, no proxy shall be valid unless it authorizes a vote for the specific meeting or adjournment thereof set forth in the proxy.

(d) If a shareholder appears at a meeting, his proxy shall be void for that meeting.

215.13 Membership, how terminated. (1) **BY REPURCHASE.** Any member who has filed a written repurchase request for the repurchase of his share accounts as provided in section 215.07, or whose instalment savings shares have matured, shall remain a member and be subject to and shall have all rights, privileges and duties as such, until the participation value of such share accounts has been paid to him and his share certificates canceled.

(2) **BY FORFEITURE.** When any member's instalment savings share account, in the amount of less than \$100, remains inactive by the failure of said member to make any share payments thereon for 3 years, the board may declare his membership forfeited and all his rights, privileges and duties, including the right to vote and to receive dividends, terminated. The participation value of an instalment savings share account declared forfeited shall be set aside in a separate liability account by the association and held for the benefit of such individual.

215.14 Joint share accounts. (1) When share accounts are purchased in the names of 2 or more persons, repurchasable and payable to any of them or the survivor or survivors, the payment for the repurchase of such shares, or any part thereof, or any dividends thereon, may be made as provided in section 72.11 (2), (3), to any of said persons whether the others be living or not. The receipt or acquittance of the person so paid shall be a valid discharge to the association for any payment so made.

(2) Shares may be issued to a member payable upon death to another person. Upon the death of the member such other named person shall become the owner and the payment of the participating value of the shares to such person shall be made as provided in section 72.11 (2) and (3), but no new owner shall have rights superior or prior to the rights of the deceased member. Such shares shall be considered a part of the deceased member's estate and subject to the payment of his just debts.

History: 1951 c. 530.

215.15 Voting rights and survivorship interests of joint share accounts. When share accounts have been purchased in the names of 2 or more persons, or either, or their survivor, the right to vote such shares shall be no greater than if the shares were held by an individual. Upon the death of either, the association shall be liable only to the survivor. Fiduciaries shall have all rights and privileges of membership except the right to hold office. Whenever a fiduciary dies and no written notice of the revocation or termination of the trust has been given to the association, the participation value of the shares may be paid to the beneficiary. The association shall not be liable to the beneficiaries for moneys paid to their guardians or trustees.

215.16 Shares eligible for investment of trust funds. An administrator, executor, guardian or trustee, authorized to invest trust funds, may acquire and hold shares in an association, but shall not exceed the limitations in section 320.02, and shall have the same rights and be subject to the same obligations and limitations as other members, except the right to be an officer or director. Share certificates issued to an administrator, executor, guardian or trustee shall specifically name the trust represented.

215.17 Participation value of instalment savings shares applied in payment of paid-up shares. Any member may apply the participation value of his instalment savings shares or the participation value of his matured instalment savings shares towards the payment of paid-up shares, but shall not be paid any cash for the repurchase of shares while the association has unpaid repurchase requests of share accounts on file, except as otherwise provided for in this section. If the participation value of such instalment savings shares or matured instalment savings shares is more than one-half of the par value of one paid-up share, the member shall pay such difference between the participation value of said instalment savings shares or matured instalment savings shares and the par value of such paid-up share. If the participation value of such instalment savings shares or matured instalment savings shares is less than one-half of the par value of one paid-up share, the difference shall be paid to him in cash.

POWERS

215.20 Powers. Savings and loan associations shall have power to:

(1) **GENERAL.** Perform the following under such terms and conditions as may be provided in the by-laws:

- (a) Accept payments from members for instalment savings shares or paid-up shares;
- (b) Issue share certificates to members;
- (c) Repurchase share accounts, in part or in full, upon written request of members;
- (d) Redeem members' share accounts, in part or in full, in such manner as determined by the board of directors;
- (e) Assess and collect from members fees, fines, interest, premiums and other charges and the same shall not be held to be usurious;
- (f) Make loans to members.

(2) **AMEND BY-LAWS.** Authorize its directors to amend its by-laws under such restrictions and limitations as it deems proper.

(3) **OMNIBUS POWERS.** Exercise all powers necessary and proper to carry out the purpose of the association.

(4) **ACQUISITION AND DISPOSITION OF REAL ESTATE.** Acquire such real estate, by purchase, exchange or otherwise, as may be necessary for the protection or enforcement of its securities and the collection of claims or debts due to it. All real estate acquired pursuant to this section shall be sold within 10 years from acquiring title thereto, unless the commissioner from time to time extends the time within which such real estate shall be sold.

(5) **DISPOSITION OF ASSETS TO OTHER ASSOCIATIONS.** With the approval of the commissioner, dispose of any or all of its assets to other associations.

(6) **ACQUISITION OF ASSETS OF OTHER ASSOCIATIONS.** With the approval of the commissioner, acquire all or any part of the assets of any other association.

(7) **BORROWING MONEY AND ISSUING OBLIGATIONS THEREFOR.** Borrow money, consistent with the objects of the association, and issue its obligations therefor, and assign as collateral its mortgages, bonds, notes and mortgage its real estate. The aggregate of borrowed money shall not exceed 20 per cent of its assets, except that with approval of the commissioner it may borrow an amount not exceeding 50 per cent of its assets.

(8) **INVESTMENTS, ASSIGNMENT THEREOF AS COLLATERAL SECURITY.** (a) Invest, with the approval of the commissioner, in shares of savings and loan associations or building and loan associations doing business in this state; and in evidences of indebtedness of savings and loan associations or building and loan associations doing business in this state; and in evidences of indebtedness of the United States.

(b) Assign the securities, enumerated in paragraph (a), as collateral for borrowed money.

(9) RESERVES FOR GOVERNMENT SECURITIES. No reserve need be provided for government securities.

(10) ESTABLISHMENT OF TRUST ACCOUNTS FOR SPECIFIC LIABILITIES OR RESERVES. Any association may set up trust accounts in cash or bonds, or both, for

- (a) Accrued real estate taxes and insurance on association real estate;
- (b) Advance payments by borrowers for taxes, insurance and other items;
- (c) Such other reserves as the commissioner may order.

(11) MEMBERSHIP IN AND UTILIZATION OF RESOURCES AND CREDIT OF ANY FEDERAL FINANCE OR CREDIT CORPORATION. With the approval of the commissioner:

- (a) Become a member of any federal finance or credit corporation organized by an act of congress for aiding associations to utilize their resources and credit;
- (b) Subscribe for and purchase notes and debentures issued by such federal finance or credit corporations;
- (c) Borrow money from such federal finance or credit corporations, in either case in an amount not exceeding that allowed under subsection (7).

(12) PENSION SYSTEM. Create or join a pension system or fund for the retirement of its officers and employes.

(13) INVESTMENTS IN AND BORROWING FROM THE SAVINGS AND LOAN FINANCE CORPORATION. (a) Invest in stocks, bonds and evidence of indebtedness of the savings and loan finance corporation.

- (b) Borrow money from the savings and loan finance corporation.

(14) MEMBERSHIP IN A NATIONAL MORTGAGE COMPANY. Become a member in a national mortgage company, as provided for in the national housing act approved June 27, 1934, and acts amendatory thereof and supplemental thereto.

(15) LOANS TO MEMBERS UNDER THE PROVISIONS OF THE NATIONAL HOUSING ACT OR THE SERVICEMEN'S READJUSTMENT ACT. Make loans to its members as provided for in:

- (a) The national housing act approved June 27, 1934, and acts amendatory thereof and supplemental thereto, or
- (b) The Servicemen's Readjustment Act of 1944, United States Public Law 346, 78th Congress, and acts amendatory thereof and supplemental thereto.

(16) ACQUISITION OF MORTGAGES AND REAL ESTATE, SUBJECT TO SALES CONTRACTS, FROM THE H. O. L. C. OR OTHER INSTRUMENTALITIES OF THE U. S. Acquire mortgages or real estate, subject to a sales contract, from the home owners' loan corporation and any other instrumentality of the United States.

(17) SALE OR TRANSFER OF MORTGAGES AND EVIDENCES OF SECURITY, WITH OR WITHOUT RECOURSE. Sell, assign or transfer its mortgages or other evidences of security, with or without recourse, to

- (a) The state annuity and investment board;
- (b) Any of the funds whose investments are supervised by the state annuity and investment board;
- (c) Federal home loan bank;
- (d) Any other instrumentality of the United States.

(18) SERVICING AND REPURCHASING MORTGAGES AND EVIDENCES OF SECURITY SOLD OR TRANSFERRED. Service and repurchase mortgages and other evidences of security sold, assigned or transferred, with or without recourse, to

- (a) The state annuity and investment board;
- (b) Any of the funds whose investments are supervised by the state annuity and investment board;
- (c) Federal home loan bank;
- (d) Any other instrumentality of the United States.

(19) ACTING AS AGENT OF THE UNITED STATES. Whenever designated by the secretary of the treasury of the United States or any other instrumentality of the United States, and authorized by a resolution of the board of directors, to act as agent for them, and perform all duties as agent that may be required.

215.21 Loans to members. (1) GENERAL. Associations may make loans to members as hereinafter provided:

- (a) On the security of their share accounts;
- (b) On the security of first liens on real estate in the manner and upon the terms prescribed in the rules and regulations and in the by-laws; provided the security is satisfactory to the board;

(c) Secured or unsecured loans which are partially insured or guaranteed in any manner by the United States or any instrumentality thereof, or for which there is a commitment to so insure or guarantee, pursuant to the provisions of chapter 219;

(d) For the purpose of repair, modernization or alteration of an existing structure and take as security thereof a note repayable in not exceeding 36 monthly instalments.

(2) ADDITIONAL COLLATERAL ACCEPTABLE TO MORTGAGE LOANS. Any association may accept, as additional collateral to its mortgage bond, any other real estate, personal property or a policy of insurance on the life of any person who is a party to or responsible for the payment of the mortgage bond. The association may be named beneficiary as well as absolute assignee of such life insurance, and, to protect its interests therein, advance premiums thereon.

215.22 Mortgage loans. (1) MORTGAGE, MORTGAGE NOTE OR BOND, LOCATION OF MORTGAGED PREMISES, PRIORITY OF ASSOCIATION'S MORTGAGE AND PLEDGED SHARES. Except as otherwise provided in section 215.21, every mortgage loan shall be evidenced by a mortgage note or bond, which shall be secured by a mortgage upon real estate in Wisconsin, and not to exceed 50 miles distant from the office of the association. Such real estate shall be unincumbered except by prior loans of the association, and the mortgage note or bond shall also be secured, if requested by the association, by a pledge to the association of the shares borrowed upon.

(2) DISPENSING WITH MORTGAGE OF A SHARE ACCOUNT SINKING FUND LOAN. The board may dispense with a mortgage of a share account sinking fund loan when the participation value of the shares borrowed upon exceed the amount borrowed and the interest thereon for 6 months.

(3) DIRECT REDUCTION LOANS, ADJUSTMENT OF INTEREST ON LOANS AND PERIOD OF LOAN REPAYMENT. Associations may make mortgage loans to members which shall provide that the principal or share payments shall be first deducted from the principal amount due on the loan. 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 total of the monthly principal or share payments and interest payments shall be sufficient to retire the loan within 20 years.

(4) PAYMENT OF INTEREST IN ADVANCE AND INCREASE OF INTEREST RATE. Interest may be paid in advance, but no discount shall be allowed therefor. The mortgage, the mortgage note or bond may provide that the interest rate may be increased after 3 years from the date thereof, 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.

(5) STRAIGHT MORTGAGE LOANS. Any association may lend to its 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, such loan to be repayable in not more than 5 years with interest payable at least semiannually; and any association may lend to its 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, such loan to be repayable in not more than 3 years, with interest payable at least semiannually. The aggregate of straight mortgage loans shall not exceed 15 per cent of the share capital of the association.

(6) MAXIMUM AMOUNT OF LOANS TO ONE BORROWER; APPRAISAL OF REAL ESTATE SECURING LOANS IN EXCESS OF \$25,000; LIMIT OF LOANS IN EXCESS OF \$25,000. (a) The aggregate of loans that an association may make to any one borrower shall be limited by the total amounts of its assets as follows: \$5,000, if the assets are less than \$50,000; \$7,500, if the assets exceed \$50,000, but do not exceed \$100,000; \$10,000, if the assets exceed \$100,000, but do not exceed \$200,000; \$20,000, if the assets exceed \$200,000, but do not exceed \$500,000; \$25,000, if the assets exceed \$500,000, but do not exceed \$1,000,000; and 5 per cent of the assets, if the total assets exceed \$1,000,000.

(b) Any single loan in excess of \$25,000 shall not exceed 65 per cent of the reasonable value of the real estate securing the loan as appraised by appraisers, approved by the commissioner.

(c) The aggregate of loans in excess of \$25,000 each shall not exceed 15 per cent of the total assets of the association.

(7) PRIORITY OF ASSOCIATION MORTGAGES OVER ALL LIENS EXCEPT TAX AND ASSESSMENT LIENS. 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.

(8) TYPE OF REAL ESTATE UNACCEPTABLE AS SECURITY FOR MORTGAGE LOANS. No association shall make loans on:

- (a) Vacant lands or vacant lots (unless such lots are included with improved real estate);
- (b) Properties used for manufacturing purposes;
- (c) Theaters;
- (d) Public halls;
- (e) Public garages;
- (f) Churches;
- (g) School buildings;
- (h) Hotels.

(9) INSURANCE COVERAGE OF MORTGAGED PREMISES BY BORROWER; DEPOSITING OF INSURANCE POLICIES WITH THE ASSOCIATION. (a) The borrower shall cause the buildings and improvements on any property on which an association has a mortgage to be insured and kept insured in a designated amount during the life of the loan, for the benefit of the association, against loss by fire, windstorm and such other hazards as the association requires, in companies selected or approved by the association.

(b) The insurance policies shall remain on deposit with the association until the loan is paid.

Associations may not make a loan on security of a single parcel of real estate which is used both for eligible purposes and for purposes declared ineligible under (8). If association has made a loan on eligible security any other type of real estate or personal property may be accepted as additional collateral security. 39 Atty. Gen. 562.

215.23 Loans to officers, directors and employes. Associations may make loans to their officers, directors and employes as hereinafter provided:

- (1) On the security of their share accounts;
- (2) On the security of a first lien on the home, or combination of home and business property, individually owned and occupied by them.

215.24 Repayment of mortgage loans. (1) WHEN PERMITTED. A borrower may repay his loan at any time by giving 30 days' written notice of his intention to do so.

(2) PENALTY INTEREST, WHEN CHARGED. If the total amount of the borrower's cumulative advance repayments made during the life of the loan exceeds 20 per cent of the original amount of the loan, the association may charge 90 days' interest on the amount repaid.

(3) CHARGES AT THE TIME OF LOAN REPAYMENT. (a) In the case of a direct reduction mortgage loan or a straight mortgage loan, the borrower shall be charged with the following items at the time of loan repayment: Unpaid loan balance, unpaid interest, fines in arrears and the unpaid balance of any advances.

(b) In the case of a share account sinking fund mortgage loan or a dividend waiver mortgage loan, the borrower shall be charged with the following items at the time of loan repayment: Unpaid loan balance, unpaid interest, fines and arrears and the unpaid balance of any advances, less the participation value of the mortgage pledged shares.

(4) SATISFACTION OF LOANS AND CANCELLATION OF MORTGAGE PLEDGED SHARES. Upon receipt of the payment from the borrower for the charges stated in subsection (3), the association shall issue a satisfaction of the mortgage loan, and shall cancel the share certificate representing the mortgage pledged shares.

(5) REPAYMENT OF LOANS WITHOUT CLAIMING CREDIT FOR MORTGAGE PLEDGED SHARES. A borrower may repay his loan at his option without claiming credit for the mortgage pledged shares, whereupon said shares shall be released from pledge and become repurchasable shares, and shall be turned over to him.

(6) PARTIAL PAYMENTS ON MORTGAGE LOANS AND THE RELEASE OF MORTGAGE PLEDGED SHARES. A borrower, repaying his mortgage loan on either the share account sinking fund plan or the dividend waiver plan, may make partial payment on the unpaid loan balance in a sum equal to the par value of one share of any multiple thereof, and for each such sum, a corresponding number of mortgage pledged shares shall be released from pledge.

215.25 Loans due when. (1) CONTRACTUAL DELINQUENCY. Whenever a borrower is in arrears in any contractual payments, whether principal payments, share payments or mortgage pledged shares, interest, taxes or insurance, his whole loan becomes due and payable without deduction of any premium that might have been paid.

(2) FORFEITURE OF MORTGAGE PLEDGED SHARES. The board may declare the mortgage pledged shares of a contractually delinquent mortgage loan (if the loan is being repaid on the share account sinking fund plan or the dividend waiver plan) forfeited, and apply the participation value, at the time of the first default, of such shares as a credit to the unpaid balance of the loan.

(3) **ENFORCEMENT OF COLLECTION OF AMOUNT DUE FROM BORROWER.** The unpaid balance of the loan, minus the participation value of mortgage pledged shares, plus interest, premium and other charges thereon, from the time of the first default, may be enforced against the borrower's security. If the amount collected at a sale, resulting from foreclosure proceedings, exceeds the total amount due, the excess shall be returned to the borrower.

(4) **BOARD MAY WAIVE PRINCIPAL OR SHARE PAYMENTS ON MORTGAGE LOANS.** Any association, in the discretion of its board, may accept only payments of interest on the loan and taxes on the mortgaged premises, and may waive the principal payments or share payments for periods not exceeding one year at a time.

MANAGEMENT

215.30 Gross earnings, when ascertained. Prior to June 30 and December 31 of each year, the board shall ascertain the gross earnings of the association for the 6-month periods ending on June 30 and December 31.

215.31 Deductions from gross earnings. The expenses of the association shall be deducted from the gross earnings of the 6-month period and the remaining balance shall be known as the net income.

215.32 Deductions from net income. From the net income of any 6-month period, appropriate transfers shall be made to the legal reserve, other required reserves and undivided profits. The remaining balance of the net income shall be declared as a dividend.

215.33 Legal reserve. (1) PURPOSE. The legal reserve shall be used for the payment of all losses.

(2) **HOW ESTABLISHED.** Before any dividend shall be declared, an amount equal to three-tenths of one per cent per annum of the total share and creditor liability, shall be transferred from the net income to the legal reserve.

(3) **REQUIRED PERIODIC ADDITIONS.** Semiannual transfers from the net income to the legal reserve shall be made until said reserve reaches 5 per cent of the total share and creditor liability. Whenever the amount of the legal reserve falls below 5 per cent of the total share and creditor liability, it shall be replenished by periodic additions as prescribed in subsection (2) until paid reserve reaches 5 per cent of the share and creditor liability.

(4) **LEGAL RESERVE IN EXCESS OF 10 PER CENT OF SHARE AND CREDITOR LIABILITY.** Whenever the legal reserve, as required by subsection (3), reaches more than 10 per cent of the share and creditor liability, the board may by resolution order such reserve reduced to 10 per cent of the share and creditor liability.

215.34 Dividends. (1) DECLARATION. Prior to June 30 and December 31 the board shall declare the balance of the net income for the 6-month periods ending June 30 and December 31, after payment of expenses, transfers to the legal reserve, other required reserves and undivided profits, as a dividend.

(2) **WHEN PAID OR CREDITED. (a)** Dividends shall not be distributed until June 30 or December 31 next following the date declared. No dividends shall be paid or credited except such as have been declared upon said dates.

Savings and loan associations, the majority of whose share capital is owned by the employes of a public utility, street and interurban railway companies and their associated companies, may credit and pay earned dividends at any time.

(3) **TO WHOM PAID.** Dividends shall be paid on shares outstanding on the date when a dividend may be distributed.

(4) **HOW PAID. (a)** Instalment savings share dividends may be paid in cash or credited to the members' share accounts.

(b) Paid-up share dividends may be paid in cash.

(5) **PROVISION FOR LOSSES BEFORE DECLARATION AND PAYMENT OF A DIVIDEND.** If at the time of such dividend period, there be not a sufficient amount in the legal reserve for the payment of losses, no dividend shall be declared, and no dividends shall be credited to members' instalment savings share accounts, and no dividends shall be credited or paid on paid-up shares until all losses have been fully paid or provided for.

(6) **RATE OF DIVIDENDS ON PAID-UP SHARES.** The rate of dividend declared upon paid-up shares shall not exceed the rate declared at the same time upon instalment savings shares.

(7) **METHOD OF COMPUTING DIVIDENDS.** All dividends shall be computed by a uniform method prescribed by the commissioner.

215.35 Fiscal year audits. (1) **BY WHOM MADE.** At the close of each fiscal year, and at such other time as the commissioner directs, or the board determines, the president shall appoint a committee of 5, consisting of 3 directors and 2 members, not directors. This committee shall examine the assets, books and accounts of the association. In lieu thereof, the board may, by resolution, employ public accountants or accept the audit and examination of the books and accounts as made by the commissioner to check the assets of the association and determine losses, and make a report of their finding to the board.

(2) **BOARD ACTION UPON RECEIPT OF ANNUAL AUDIT.** Upon receipt of the annual audit or examination report, the board shall either charge off all losses so reported or determine whether the amount in the legal reserve is sufficient to absorb said losses. If the amount in the legal reserve, other required reserves, undivided profits and the net income for the period is not sufficient to absorb the reported losses, then the amount, representing the excess of losses not absorbed or provided for by said reserves, shall be apportioned to each member according to the participation value of his share accounts.

215.36 Payment of expenses. The expenses of the association shall be paid solely from its earnings.

215.37 Surety bond of association's officers, directors and employees. (1) **WHO SHALL FURNISH BOND, TYPE AND FORM OF BOND.** Before entry upon the discharge of his duties, every person appointed or elected to any position requiring receipt, payment or custody of money or other personal property of an association or in its custody or control as collateral or otherwise, shall give a bond in some surety company, licensed by this state, in such sum as the board requires. In lieu of individual bonds, the commissioner may accept a schedule or blanket bond which covers all of the officers, directors and employees of the association, whose duties include the receipt, payment or custody of money or other personal property. Such bonds shall be in the form prescribed by the commissioner.

(2) **SURETY BONDS TO BE APPROVED BY THE BOARD AND FILED WITH THE COMMISSIONER.** No officer, director or employe who is required to give bond shall enter upon the discharge of his duties until his bond has been approved by the board. The minute book of the association shall contain a record of each bond executed and approved. Such bonds shall be filed with the commissioner within 10 days after approval by the board.

(3) **SURETY BOND COVERAGE.** Such bond shall be sufficient to protect the association from loss by reason of acts of fraud or dishonesty, including forgery, theft, embezzlement, wrongful abstraction or misapplication on the part of the person, directly or through the connivance with others. At any time the commissioner may require an additional bond.

(4) **PROVISIONS OF SURETY BONDS.** Every such bond shall also include the following provisions:

(a) No termination of this bond shall be effective unless the surety gives in advance at least 10 days' written notice by registered mail to the commissioner. If this bond is 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 commissioner, such notice to be given promptly and within 10 days after the receipt of such request;

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

(5) **COMMISSIONER MAY CONSENT TO SURETY BOND TERMINATION AND WAIVE NOTICE THEREOF.** The commissioner may waive, as to the termination of any bond, the 10-day written notice in advance and may give his written consent to the termination being made effective as of a date agreed upon by the surety and the association.

(6) **TERMINATION OF SURETY BOND UPON DISCOVERY OF ANY DISHONEST ACT BY AN OBLIGOR.** Subsection (4) shall not in any way modify or affect or render invalid a provision therein that the bond shall terminate as to any person covered thereby, upon the discovery by the association of any dishonest act on his part.

(7) **PENALTY FOR FAILURE TO FURNISH SURETY BOND.** Any violations of subsections (1) and (2) shall subject the association to a fine of \$10 per day for each consecutive day of such violation and it shall be the duty of the attorney-general to recover any such penalties by action in behalf of the state.

215.38 Dishonest acts; falsification of records. Every officer, director, employe or agent of any association who embezzles, abstracts, or wilfully misapplies any property of the association, whether owned by it or held in trust, or who without authority, issues or puts forth any certificate of shares, assigns any note, bond, mortgage, judgment or decree, or, who makes any false entry in any book, record, report or statement of the association with intent to injure or defraud the association or any person or corporation, or to deceive any officer or director of the association, or any other person, or any agent

appointed to examine the affairs of such association, or any person who, with like intent, aids or abets any officer, director, employe or agent in the violation of this section, shall be imprisoned in the state prison for not to exceed 20 years.

215.385 Perjury. Every officer or employe of any savings and loan association required by law to take oath or affirmation who wilfully falsely swears or affirms on any material matter is guilty of perjury and shall be punished as is provided for the punishment of perjury.

215.39 Penalty for giving or accepting money for loans. (1) Every officer, director, employe or agent of any association who shall accept or receive, or offer or agree to accept or receive any thing of value in consideration of his loaning any money to any person; or any person who shall offer, give, present or agree to give or present any thing of value to any officer, director, employe or agent of any association in consideration of its loaning any money to him, shall be punished by fine not exceeding \$1,000 or by imprisonment not exceeding 6 months, or by both such fine and imprisonment.

(2) Nothing in this chapter prohibits any association from paying to its officers, director or employes, commissions on loans or on the sale of shares or share accounts.

MISCELLANEOUS PROVISIONS

215.45 Miscellaneous provisions. (1) ACTION AGAINST AN ASSOCIATION. No action may be brought under chapters 267, 286 and 304 against any association or corporation organized under this chapter.

(2) UNEMPLOYMENT COMPENSATION INSURANCE. Chapter 108 shall not apply to any officer or director elected for a definite term unless the association shall by resolution of its board of directors elect otherwise under chapter 108.

(3) OFFICERS, DIRECTORS AND EMPLOYES PROFITING ON STOCK PURCHASES; PENALTY. Any officer, director or employe of any association who profits through the purchase of members' share accounts of said association and the subsequent sale or exchange thereof, or the subsequent redemption or repurchase of said shares by the association, or is interested as a stockholder in any corporation or a partner in any partnership which, through purchases and sales of share accounts of an association of which he is an officer, director or employe, makes a profit, shall be deemed guilty of a misdemeanor and upon conviction shall be punished by imprisonment not more than one year or by a fine not exceeding \$1,000.

(4) WAR DAMAGE INSURANCE. War damage insurance shall not be required unless the directors of the association shall by resolution demand that same be provided by borrower.

(5) TAXES ON ASSOCIATION REAL ESTATE. The real estate of the association shall be assessed for taxation.

(6) ASSOCIATION OFFICE BUILDING. With the approval of the commissioner, any association may invest not exceeding an amount equivalent to one-half of the total of its general reserves and undivided profits for the purchase or construction of a building to be occupied by the association as its office.

(7) FALSE STATEMENT IN LOAN APPLICATIONS; PENALTY. Any person who makes, or causes to be made, any false signed statement, in any application to any association for a loan, with intent to mislead, or which may mislead the officers of such association, as to the value of the alterations, improvements or repairs to be made on buildings situated on, or to be constructed upon, the real estate described in such application, or makes or causes to be made any false statement as to his financial condition or income, shall be imprisoned for not more than 6 months or be fined not exceeding \$500.

(8) RETALIATORY TAXES AND RESTRICTIONS; WHEN IMPOSED. When the laws of any other state or territory impose any taxes, fines, penalties, licenses, fees, deposits, money, securities or other obligations or prohibitions on associations of this state doing business in such other state or territory or upon their agents therein, so long as such laws continue in force, the same obligations and prohibitions shall be imposed upon all associations of such other state or territory and their agents here.

(9) ORGANIZATION OF A NATIONAL MORTGAGE COMPANY. Savings and loan associations may, with the approval of the commissioner, organize and operate a national mortgage company as provided in the national housing act approved June 27, 1934. The capital, surplus and earnings of a mortgage company so organized shall have the same tax exemptions as savings and loan associations.

(10) OBSOLETE RECORDS. Any association may destroy or dispose of such of its records as may become obsolete after first obtaining the written consent of the commissioner.

(11) CLOSING ON LEGAL HOLIDAYS. No association shall transact business or be open for the purpose of transacting business on Sundays or such of the legal holidays listed in section 256.17 as are designated as legal holidays by the commissioner.

(12) ACTIONS; VENUE. Proceedings by any association to enjoin the commissioner in the discharge of his duties shall be had in the county where the savings and loan association is located, or in the supreme court of this state. All suits and proceedings arising out of the provisions of this chapter, in which the state, or any of its officers or agents shall be parties, shall be conducted under the direction and supervision of the attorney-general.

215.46 Associations operating under restrictions imposed by the commissioner.

(1) LOSSES IN EXCESS OF TWO-THIRDS OF AMOUNT OF LEGAL RESERVE; CESSATION OF DIVIDENDS, REDEMPTION AND REPURCHASE OF SHARE ACCOUNTS. Whenever the commissioner finds that the losses existing, or which it may reasonably be anticipated will be sustained in the near future, are more than two-thirds of the amount of the legal reserve of the association, he may, with the approval of the advisory committee, issue an order providing that no further dividends be credited or paid and no moneys paid out for the redemption and repurchases of share accounts, until the commissioner otherwise orders.

(2) IMPAIRMENT OF CAPITAL, APPOINTMENT OF APPRAISERS, APPRAISAL AND DETERMINATION OF LOSSES. Whenever it appears to the commissioner that the capital of any association is impaired, or may in the near future become impaired, he may, with the approval of the advisory committee, issue an order, requiring the directors to forthwith appoint, subject to his approval, 3 competent persons, not shareholders, who shall appraise such property owned by, or upon which such association has mortgage loans or judgments, as the commissioner shall designate. The appraisers shall fix the reasonable normal value of all such property and report their findings to the commissioner and the directors. The value as so found shall be the value from which all losses shall be determined.

(3) DEPRECIATION OF SHARE ACCOUNTS AFTER DETERMINATION OF LOSSES. After the commissioner has determined the losses existing or which he shall determine may reasonably be sustained in the near future, he shall order the participation value of each share account depreciated as stated in such order, and the officers shall forthwith depreciate the participation value of all share accounts as ordered. A record shall be made on the books showing the amount by which the participation value of the share was depreciated, and a copy of such record shall be filed with the commissioner.

(4) NOTICE TO SHAREHOLDERS OF SHARE ACCOUNT DEPRECIATION. The board shall give notice by mail to each shareholder, that the participation value of his share account has been depreciated, the date when such depreciation was charged, and the participation value after such depreciation. The mailing of such notice to the last known address as shown on the records of the association shall be a compliance with this subsection.

(5) BORROWERS PERMITTED TO REPAY LOANS AFTER MORTGAGE PLEDGED SHARES HAVE BEEN DEPRECIATED. Any borrowing member may, after the participation value of his mortgage pledged shares has been so depreciated, pay to the association the difference between the participation value of his mortgage pledged shares as depreciated, and the amount due on his mortgage loan, and his mortgage and other securities shall thereupon be released.

(6) SHARE LOANS TO MEMBERS. The board may, with the approval of the commissioner, make share loans to members upon such terms as the commissioner orders, but such share loans shall be for provident purposes only, and not more than \$100 shall be loaned to any one member in any one month.

(7) PAYMENT OF EXPENSES. The board shall make no disbursements or contract to make disbursements for salaries, compensation, fees or any other item of expense, nor repurchase or redeem share accounts, nor pay or declare dividends while the association is operating under this section without the approval of the commissioner.

(8) POWERS OF DIRECTORS. The board may, with the approval of the commissioner, sell, lease, transfer, exchange and convey any of the property of the association, and upon their order the proper officers shall execute and deliver necessary deeds, leases, assignments, bills of sale, transfers and conveyances.

(9) COMPROMISE SETTLEMENT OF CLAIMS, DEMANDS AND JUDGMENTS. The board may compromise and settle any claims, demands or judgments which are a part of the assets of the association, upon express consent of the commissioner.

(10) RULES AND REGULATIONS TO BE PRESCRIBED BY THE COMMISSIONER. The commissioner shall prescribe reasonable rules and regulations not inconsistent with laws for the operation of associations under this section.

(11) OTHER PROVISIONS APPLICABLE. Except as otherwise provided in this section, such association shall be operated as provided in this chapter.

SAVINGS AND LOAN DEPARTMENT

215.50 Savings and loan department. (1) **ESTABLISHMENT, PURPOSE AND MANAGEMENT AND CONTROL THEREOF.** A savings and loan department is established, which shall execute the laws relating to savings and loan associations in this state. The department shall be under the management and control of a commissioner.

(2) **APPOINTMENT, QUALIFICATIONS AND TERM OF COMMISSIONER.** The commissioner shall be appointed by the governor, with the advice and consent of the senate. On the effective date of this amendment (1951) the term of office of the incumbent commissioner shall expire and the office of commissioner shall be vacant. Thereupon appointment shall be made of a successor commissioner for a term beginning on the date of appointment and expiring June 1, 1953, and until a successor has been appointed and qualified. Thereafter, the term of office shall be 6 years and each incumbent shall continue in office until his successor is appointed and qualified. No person shall be eligible for the office of commissioner without having had actual practical experience for not less than 5 years, either as an executive of a savings and loan association of this state or service in the savings and loan department of this state or a combination of both. He shall devote full time to the duties of his office.

(3) **APPOINTMENT, QUALIFICATIONS AND DUTIES OF SUPERVISOR; EMPLOYMENT OF EXAMINERS AND CLERKS.** The commissioner shall appoint a supervisor with the consent of the savings and loan advisory committee. Such supervisor shall be subject to provisions of chapter 16 and shall not be eligible to appointment unless he has had at least 3 years' actual experience in conducting a savings and loan association or serving in the savings and loan supervisory department of this state, or a combination of both. He shall possess all powers and perform the duties of the commissioner during a vacancy in that office and during the absence or inability of the commissioner. The commissioner may also employ necessary examiners and clerks to assist him and his supervisor in the discharge of his duties.

(4) **OFFICE OF COMMISSIONER TO BE IN STATE CAPITOL OR STATE OFFICE BUILDING.** There shall be assigned to the commissioner suitable rooms in the state capitol or state office building for conducting the business of the department. All necessary stationery, printing and supplies shall be furnished to the department upon requisition therefor, as other state departments are now supplied.

(5) **SEAL OF COMMISSIONER.** The commissioner of savings and loan associations shall devise a seal for his use. A description thereof shall be filed in the office of the secretary of state.

(6) **DISCLOSURE OF INFORMATION; PENALTY.** (a) The commissioner, and all other officers and employes of the savings and loan department, and members of the advisory committee shall keep secret all of the facts and information obtained in the course of examinations, except so far as the public duty of such person requires him to report upon or take special action regarding the affairs of any association, and except when called as a witness in any criminal proceeding or trial in a court of justice; and except that such officers and employes may, in their discretion and under such rules and regulations as are prescribed by the commissioner, compare notes as to matters affecting an association with an examiner of the federal home loan bank or federal savings and loan insurance corporation as to any association whose share accounts are insured by the federal savings and loan insurance corporation. The commissioner may furnish to the federal home loan bank or federal savings and loan insurance corporation or to any official or examiner thereof a copy of any examination made of any association or of any report made by such association, and may give access to and disclose to the federal home loan bank, federal savings and loan insurance corporation or to any official or examiner thereof any information possessed by him about the conditions or affairs of any association whose share accounts are insured by the federal savings and loan insurance corporation.

(b) If any of the persons mentioned in paragraph (a) discloses the name of any debtor of any association, or any information about the private account or transactions of such association, or discloses any fact obtained in the course of any examination of any association, except as herein provided, he shall forfeit his office or position and be fined not less than \$100 nor more than \$1,000, or imprisoned not less than 6 months nor more than 2 years, or both fined and imprisoned.

(7) **REVISOR TO CHANGE LANGUAGE.** The revisor of statutes is directed to change "savings and loan association department" to "savings and loan department" wherever the former appears in the statutes.

History: 1951 c. 97 s. 45; 1951 c. 734.

215.51 Surety bonds of commissioner, supervisor, examiners, special deputy commissioners, special assistants to commissioner and other departmental employees. (1) The commissioner shall execute and file an official bond in the sum of \$25,000 approved by the governor.

(2) Employees, appointees and agents of the commissioner whose position falls within any designation in the schedule, appearing next below, shall furnish official bonds in the aggregate of not less than the amount set opposite such designation:

(a) Special deputy commissioners, supervisors and examiners of associations, each \$10,000;

(b) Special assistants to the commissioner, each \$10,000.

(3) Each employe of the department, not included in subsection (2), whose duties involve either special responsibilities or the handling or control of property, shall furnish bonds in such amounts as the commissioner determines.

(4) Other employes whose duties involve no special responsibility or the handling or control of property, need furnish bond only upon demand of the commissioner and in such sums as he requires.

(5) The surety on every bond required under this section shall be a surety company licensed by this state.

215.52 Supervision and control of savings and loan associations. (1) TYPES OF ASSOCIATIONS SUPERVISED AND CONTROLLED BY THE COMMISSIONER. All associations organized under the provisions of this chapter or other similar law, or permitted by license to transact in this state a business similar to that authorized by this chapter, shall be under the supervision and control of the commissioner of savings and loan associations.

(2) COMMISSIONER TO ENFORCE LAWS RELATING TO SAVINGS AND LOAN ASSOCIATIONS. The commissioner shall enforce chapter 215, and enforce and cause to be enforced every law relating to the supervision and control of savings and loan associations.

(3) COMMISSIONER, WITH APPROVAL OF ADVISORY COMMITTEE, TO ISSUE ORDERS PRESCRIBING REASONABLE RULES AND REGULATIONS. (a) The commissioner shall, with the approval of the advisory committee, issue orders prescribing reasonable rules and regulations for conducting the business of associations.

(b) The violation of any such rule or regulation may be cause for the removal of any officer, director or employe of any association.

(4) ANNUAL SUPERVISORY EXAMINATIONS. At least once each year, the commissioner shall examine the affairs of all such associations and for that purpose he or the examiners appointed by him shall have access to, and may compel the production of, all their books, papers, securities and moneys, administer oaths to and examine their officers and agents as to their affairs. Neither the commissioner nor any employe of the department shall examine an association in which he is interested as an officer or director.

(5) SPECIAL EXAMINATIONS. Special examinations shall be made upon written request of 5 or more members, they guaranteeing the expense.

(6) REFUSAL TO SUBMIT TO AN EXAMINATION. Any association refusing to submit to an examination so ordered or requested, shall be reported to the attorney-general, who shall institute proceedings to revoke its certificate of incorporation for such refusal.

(7) GRANTING OR DENYING ASSOCIATIONS' REQUESTS FOR APPROVAL OF ACTS. Whenever any association requests approval of the commissioner for any act, which by statute requires such approval, he shall have 60 days in which to grant or deny such approval. If he fails to act, approval shall be deemed to have been granted.

(8) REMOVAL OF OFFICERS. (a) Section 220.04 (4) shall apply to officers and directors of savings and loan associations.

(b) The commissioner may appoint any shareholder to fill the vacancies caused by removal of officers or directors; the shareholders so appointed shall hold office until the next meeting of the shareholders.

(9) ACCOUNTING AND BOOKKEEPING PROCEDURE PRESCRIBED BY COMMISSIONER. (a) Whenever it appears to the commissioner that any association does not keep books and accounts in such manner as to enable him to readily ascertain its true condition, he may require the officers of such associations or any of them to open and keep such books or accounts as he prescribes.

(b) Any association that fails to open and keep books or accounts as prescribed by the commissioner, shall, at the discretion of the commissioner, forfeit \$10 for each day it so fails. If the association fails to pay the forfeiture, the commissioner may institute proceedings to recover such forfeitures.

(10) ANNUAL REPORTS FILED WITH THE COMMISSIONER. (a) All associations subject to the supervision and control of the commissioner shall file with said commissioner, not

later than February 1, an annual report of their activities of the preceding year, upon forms furnished by the commissioner. This annual report shall include a true and verified copy of a statement of condition as at the close of December 31 of the preceding calendar year, a statement of its operations during that period and such other information as the commissioner requires. Attached to the annual report shall be a copy of the printed statement of condition, as of December 31, which shall be available to the members of the association.

(b) If any such association shall fail or refuse to furnish the report herein required, it shall be subject, at the discretion of the commissioner, to a forfeiture of \$10 per day for each and every day of default, and the 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.

(11) COMPLAINTS AGAINST ASSOCIATIONS; HEARINGS; FINDINGS AND ORDERS. (a) If a petition is filed with the commissioner, stating that an association fails to pay its debts on demand, or when not less than 25 members of an association file with the commissioner a petition stating that the association or the officers or directors of such association fail to repurchase shares as provided in this chapter, or state that the officers or directors are conducting the business of the association in an unsafe or unauthorized manner, or that by the acts or negligence of officers or directors, the funds or assets of the association are or may become impaired, the commissioner shall, within 10 days after its receipt, proceed to hear such petition. A copy of the petition shall be mailed or delivered to the association at least 3 days before the hearing. Not less than 3 days before the date of hearing, a notice shall be mailed or delivered to the association and the party petitioning, which notice shall state the date, time, and place for the hearing.

(b) At the time and place so fixed (unless by stipulation some other time and place is fixed) the commissioner shall hear all parties interested and shall cause the testimony given to be reduced to writing, or he may designate some person employed in his department to take testimony and hear the petition, and he shall file the testimony with the commissioner.

(c) The commissioner shall within a reasonable time make findings as to all matters covered by the petition and make such order as he deems just and reasonable.

(d) The findings and order of the commissioner shall be final unless modified by the court.

(e) Chapter 286 shall not apply to associations organized under this chapter.

(12) REVOCATION OF CERTIFICATE OF INCORPORATION OR LICENSE BY COMMISSIONER. Whenever it shall appear to the commissioner that any association or corporation which has received a certificate of incorporation or a license to do business in this state is conducting its business in violation of this chapter, he shall report the facts to the attorney-general who may bring an action to revoke the certificate of incorporation or license of such association or corporation.

215.53 Capital fees; annual fees; regular and special examination costs. (1) CAPITAL FEE. On or before the fifteenth day of July of each year, every association carrying on business in this state shall pay to the commissioner an annual capital fee of \$15.

(2) ANNUAL FEE. In addition to such capital fee, associations organized pursuant to the provisions of this chapter shall, on or before the 15th day of July, pay an annual fee as determined by the commissioner and the savings and loan advisory committee, but not exceeding 12 cents per thousand of assets or fraction thereof.

(3) PENALTY FOR FAILURE TO PAY FEES. An association failing to pay such capital fee and annual fee to the commissioner by July 15 of each year shall, if ordered by the commissioner, forfeit \$10 for each day it fails to pay such fees.

(4) REGULAR EXAMINATION COSTS. (a) On or before June 30 of each year the commissioner and advisory committee shall fix a per diem charge for the services of each examiner used, in the examination of an association, for the next 12 months. Such per diem charge shall be the same for all associations. The hours constituting a day shall be that which is fixed for state employes by section 14.59.

(b) After the per diem charge for each examiner has been fixed by the commissioner and the advisory committee, each association shall be uniformly billed for examinations during the ensuing year on a fixed per diem basis for each examiner engaged in such examination.

(c) Every charge so made to an association for its examination shall be paid within 30 days from the time the association receives notice of the assessment.

(5) SPECIAL EXAMINATION COSTS. The commissioner shall charge any special costs and expenses incurred because of special work required by him, caused by an association not having proper or sufficient management or failing to keep its books, records and

other matters in a standard and approved manner. An itemized statement of such charges must be submitted to the association.

(6) **PENALTY FOR FAILURE TO PAY EXAMINATION COSTS.** Any association failing to pay such assessments as provided in subsections (4) and (5) shall be subject to the penalty provided in subsection (3) for each day it fails to pay such charge or assessment after it becomes due.

History: 1951 c. 319 s. 249; 1951 c. 530, 734.

215.54 Commissioner's annual report to the governor. The commissioner shall annually make a report to the governor of the general conduct and conditions of associations doing business in this state, including therein such facts and suggestions as he deems expedient. The commissioner's annual report to the governor shall be based upon the individual annual reports of associations filed with him, and shall also include the information required in section 215.70 (7) (a). The commissioner shall designate the number of copies of the report to be made available for distribution. Each association shall be entitled to one copy, the remainder to be for general distribution.

215.55 Obsolete records. Whenever necessary to gain needed vault space the commissioner may turn over to the director of purchases for destruction obsolete records which have been in his possession for a period of 10 years or more.

215.56 Certified copies of records of commissioner. Copies of all records and papers in the office of the commissioner, certified by him and authenticated by his seal of office, shall be evidence in all cases equally and of like effect as the original.

215.57 Fees for certified copies. Whenever the commissioner furnishes a certified copy of any paper or record, he shall be entitled to a fee of 10 cents per folio for making such copy or copies and 50 cents for each certificate. All such fees shall be paid by the commissioner into the state treasury to the credit of the department.

215.58 Immunity of the commissioner. (1) The commissioner 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.

(2) This section shall be retroactive to July 17, 1947.

SAVINGS AND LOAN ADVISORY COMMITTEE

215.60 Savings and loan advisory committee. (1) **ESTABLISHMENT; NUMBER OF COMMITTEEMEN.** There is established in the savings and loan department, a committee to be known as the "Savings and Loan Advisory Committee," consisting of 7 members and having such powers and performing such duties as are prescribed by law.

(2) **APPOINTMENT, QUALIFICATIONS AND TERM OF COMMITTEEMEN.** The members of this committee shall be appointed by the governor with the consent of the senate, for terms of 4 years each, expiring on the first Monday in July. Each member of the committee shall have at least 10 years' experience in the savings and loan business in this state. Vacancies shall be filled by appointment by the governor.

(3) **ANNUAL MEETING OF COMMITTEE.** The advisory committee shall meet during each July and elect one member as chairman and one member as vice chairman, and an employe of the commissioner as secretary, and adopt rules for holding and conducting meetings, hearings and examinations and other matters, and shall keep a record of all matters transpiring at the meetings. Such record shall contain all motions, by whom made and seconded, and each member's vote on each question.

(5) **DUTIES OF ADVISORY COMMITTEE.** The duties of the advisory committee shall be to:

(a) Advise with the commissioner and supervisor (or either of them) and others in respect to improvement in the condition and service of associations;

(b) Review the acts and decisions of the commissioner;

(c) Act promptly on matters and questions, pertaining to savings and loan associations, that may be submitted to it by the commissioner;

(d) Serve as an appeal board for associations as provided in section 215.02 (19);

(e) Perform such other review functions in relation to savings and loan associations as may be provided by law;

(f) Conduct hearings and take testimony; and to subpoena and swear witnesses at such hearings. The advisory committee shall have the same powers in respect to subpoenaing witnesses as are possessed by the industrial commission and also the power granted by section 325.01 (4);

(g) Conduct examinations of savings and loan associations by one or more of its members, when: Said members are so appointed by the commissioner and required to submit a report and findings of such examination to the commissioner; or when said mem-

bers are so appointed upon motion of the advisory committee, with the affirmative vote of 5 members, and required to submit its finding and report to the advisory committee and the commissioner; the advisory committee shall thereupon make recommendations to the commissioner as to the report and its findings. Any member of the advisory committee appointed as provided in this paragraph shall have the same powers and duties, in making examinations, of examiners provided for in this chapter.

(6) APPEARANCE OF INTERESTED PERSONS AT ADVISORY COMMITTEE PROCEEDINGS. Any party interested may appear in any proceedings of the advisory committee and may participate in the examination of witnesses and present evidence.

(7) FEES OF SUBPOENAED WITNESS AT ADVISORY COMMITTEE PROCEEDINGS. (a) Any person causing a witness to be subpoenaed shall advance the fees and mileage of such witness which shall be the same as in circuit court.

(b) The fees of witnesses who are called by the advisory committee in the interests of the state shall be paid by the state in the same manner that other expenses are paid, upon presentation of proper vouchers approved by a member of the advisory committee and charged to the appropriation of the savings and loan department.

(8) REVIEW OF GRIEVANCES CAUSED BY ANY ACTS, ORDERS OR DETERMINATIONS OF COMMISSIONER. Any interested person or any association aggrieved by any act, order or determination of the commissioner, which relates to savings and loan associations may, within 20 days from the date thereof, apply to the advisory committee to review the action of the commissioner. Such applications shall be considered and disposed of as speedily as possible.

(9) DISCRETION OF ADVISORY COMMITTEE. The advisory committee may require the commissioner to submit to it any of his official actions relating to associations for its approval.

(10) REVIEW OF FINAL ORDERS AND DETERMINATIONS OF ADVISORY COMMITTEE. Any final order or determination of the advisory committee shall be subject to review in the manner provided in chapter 227.

(11) QUORUM AND VOTING BY MEMBERS. Four members of the committee shall constitute a quorum, and a majority shall decide.

(12) MEMBERS DISQUALIFIED TO ACT. No member of the advisory committee shall be qualified to act in any matter involving the association of which he is an officer or director.

(13) REIMBURSEMENT OF MEMBERS' EXPENSES. Members of the advisory committee shall receive reimbursement from the state for their actual expenses.

ABSORPTION AND CONSOLIDATION OF ASSOCIATIONS

215.63 Absorption of an association by another association in the same county.

(1) WHEN PERMITTED. With the commissioner's consent, any association may absorb any other association located in the same county, which is in good faith winding up its business for the purpose of being absorbed, and may transfer its assets and liabilities to the absorbing association, but not to defeat or defraud creditors.

(2) EFFECT OF ABSORPTION. All the rights, franchises and property interests of the absorbed association shall be deemed to be transferred to the absorbing association, which shall hold and enjoy same and all rights of property, franchises and interest in the same manner and to the same extent as was held and enjoyed by the absorbed association; and the members of such absorbed association shall be members and shareholders of the absorbing association and possess and be subject to all rights, privileges and duties as provided in the by-laws of the absorbing association.

(3) REPURCHASE REQUESTS OF SHARE ACCOUNTS OF MEMBERS OF ABSORBED ASSOCIATION. Any member of an absorbed association, who intends to file a written request for his share accounts within one year after the date of approval of such absorption by the commissioner, may do so by giving 90 days' written notice of such intention, and his share accounts shall be repurchased as provided in section 215.07. Any member who has filed such written repurchase request shall remain a shareholder and be subject to all rights, privileges and duties as provided in this chapter, the by-laws and the rules and regulations of such absorbing association until the participation value of his share accounts has been paid to him and his share certificates canceled.

215.64 Consolidation of associations. (1) PROCEDURE TO EFFECT CONSOLIDATION.

With the approval of the commissioner, associations may consolidate. To effect a consolidation, the board of each association shall, by resolution, propose the consolidation, and such consolidation must be ratified by an affirmative vote of the holders of two-thirds of the dollar value of the shares outstanding of each association, at a meeting called by the boards and held at least 30 days after a notice of the time, place and object of the

meeting has been sent to each shareholder of record by mail, directed to him at his last known post-office address.

(2) **EFFECT OF CONSOLIDATION.** Consolidating associations shall report to each other their respective assets and liabilities, and all rights, franchises and property of each association shall be deemed to be transferred to the consolidated association, which shall hold and enjoy the same and all rights of property, franchises and interest in the same manner and to the same extent as was held and enjoyed by the consolidating association; and the members of such consolidating association shall be members and shareholders of such consolidated association and possess and be subject to all rights, privileges and duties as provided in the by-laws of the consolidated association.

(3) **REPURCHASE REQUESTS OF SHARE ACCOUNTS OF MEMBERS OF CONSOLIDATING ASSOCIATIONS.** Any member of the consolidating association, who intends to file a written repurchase request for his share accounts within one year after the date of approval of the consolidation of the association, may do so by giving 90 days' written notice of such intention, and his share accounts shall be repurchased as provided in section 215.07. Any member who has filed such written repurchase request shall remain a shareholder and be subject to all rights, privileges and duties as provided for in this chapter, the by-laws and rules and regulations of such consolidated association until the participation value of his shares has been paid to him and his share certificate canceled.

CONVERSION OF ASSOCIATIONS

215.67 Conversion of associations. (1) **PROCEDURE TO EFFECT CONVERSION.** Any local association may convert itself into a federal association, and any federal association may convert itself into a local association, by the following procedure:

(a) A meeting of the shareholders shall be held upon not less than 10 days' written notice to each shareholder, served either personally or by mail, directed to him at his last known post-office address, stating the time, place and purpose of such meeting.

(b) At such meeting, the shareholders may by the affirmative vote in person or by proxy of 66% per cent of the dollar value of outstanding shares of the association declare, by resolution, to convert such association into a federal association or into a local association. A copy of the minutes of such meeting, verified by the affidavit of the chairman and the secretary of the meeting, shall be filed in the office of the commissioner within 10 days after the meeting. Such copy, when so filed, shall be evidence of the holding of and of the action taken at such meeting.

(c) If the shareholders voted to convert the association, the secretary shall serve notice either personally or by mail, directed to them at their last known post-office addresses, on all shareholders of such action within 30 days after such meeting. Any shareholder may, within 30 days after service of the notice, give written notice that he desires to have his share accounts repurchased. He shall be entitled to the participation value of his share accounts, less any amount due the association.

(d) Within 6 months after the adjournment of a meeting to convert into a federal association, the association shall do what is necessary to make it a federal savings and loan association, and within 10 days after the receipt of the federal charter, a copy of it shall be filed with the commissioner, certified by the federal home loan bank board. Thereupon, the association shall cease to be a local association and shall thereafter be a federal savings and loan association. Within 6 months after the adjournment of a meeting of the shareholders of a federal association, called for the purpose of converting the association into a local association, the commissioner shall examine such association and shall determine the action necessary to qualify the association for a state charter. Upon complying with the necessary requirements, a state charter shall be issued to such association.

(2) **WHEN STATE SUPERVISION CEASES.** At the time when conversion from a local association to a federal association becomes effective, the association shall cease to be supervised by this state.

(3) **CORPORATE EXISTENCE OF ASSOCIATIONS DOES NOT TERMINATE UPON CONVERSION.** Upon the conversion of any local association into a federal savings and loan association and vice versa, the corporate existence of the converting association shall not terminate, and the resulting association shall be a continuance of the converting association; and all its property (including its rights) shall by operation of law vest in the resulting association as of the time of the conversion, and all of its obligations become those of the resulting association. Actions and other judicial proceedings to which the converting association is a party may be prosecuted and defended as if the conversion had not been made.

(4) **COMMISSIONER'S APPROVAL REQUIRED BEFORE CONVERSION BECOMES EFFECTIVE.** Before any such conversion of any association shall be final and in effect, the written approval of the commissioner must be secured by such association.

INVOLUNTARY LIQUIDATION; POSSESSION BY COMMISSIONER

215.70 Involuntary liquidation; possession by commissioner of savings and loan associations. (1) **CONDITIONS FOR TAKING POSSESSION.** The commissioner may, with the approval of the savings and loan advisory committee and after giving 10 days' notice to the board, take possession of the business and property of any association to which this chapter is applicable whenever he finds that such association:

- (a) Is conducting its business contrary to law, or
- (b) Has violated its charter, or any law, or
- (c) Is conducting its business in an unauthorized or unsafe manner, or
- (d) Is in an unsound or unsafe condition to transact its business, or
- (e) Has an impairment of its capital, or
- (f) Cannot with safety and expediency continue business, or
- (g) Has suspended payment of its obligations, or
- (h) Has failed to comply with an order of the commissioner, or
- (i) Has refused to submit its books, papers, records or affairs for inspection, or
- (j) Has refused to be examined upon oath regarding its affairs.

(2) **PROCEDURE UPON TAKING POSSESSION.** Upon taking possession of the business and property of any association, the commissioner shall forthwith:

(a) Serve written notice upon the president and secretary of the association, setting forth therein that he has taken possession and control of the business and property of said association. (Said notice shall be executed in duplicate, and immediately after it has been served, one notice shall be filed with the clerk of the circuit court of the county where said association is located, with proof of service.)

(b) Give notice to all persons known to the commissioner to be in possession of any assets of such association.

(3) **EMPLOYMENT OF COUNSEL; RETENTION OF OFFICERS AND EMPLOYEES OF ASSOCIATION.** The commissioner may employ necessary counsel and experts in such liquidation, and may retain such officers and employes of such association as he deems necessary.

(4) **APPOINTMENT OF SPECIAL DEPUTY COMMISSIONERS.** The commissioner may appoint special deputy commissioners as agents to assist in the liquidation and distribution of the assets of associations whose business and property the commissioner has taken possession of. A certificate of such appointment shall be filed in the office of the commissioner and a certified copy in the office of the clerk of the circuit court for the county in which such association is located.

(5) **SURETY BONDS OF SPECIAL DEPUTY COMMISSIONERS AND ASSISTANTS.** Special deputy commissioners and assistants shall furnish surety bonds in accordance with section 215.51.

(6) **DUTIES OF SPECIAL DEPUTY COMMISSIONERS.** (a) *Notice, allowance and payment of claims.* The special deputy commissioner shall give notice by advertisement in such newspaper as he directs, weekly, for 3 consecutive weeks, calling on all persons who have claims against the association, to present the same to him and make proof thereof at a place and time, therein specified. He shall mail a similar notice to all persons, at their last known addresses, who appear as creditors upon the books of the association. Proof of service of such notice shall be filed with the clerk of said court. The special deputy commissioner may reject any claim. Any interested party may file written objections to any claim with the special deputy commissioner. After notice by registered mail of such rejection, the claim shall be barred unless he commences an action thereon within 3 months. Claims presented after the expiration of the time fixed in the notice to creditors shall be entitled to share in the distribution only to the extent of the assets then in the hands of the special deputy commissioner equitably applicable thereto.

(b) *Inventory of assets and statement of liabilities.* Upon taking possession, the special deputy commissioner shall make an inventory of the assets of the association, in duplicate, one to be filed in the office of the commissioner, and one in the office of the clerk of such circuit court. Upon the expiration of the time fixed for the presentation of claims, the special deputy commissioner shall make in duplicate a complete list of the claims presented, specifying claims rejected by him, one to be filed in the office of the commissioner and one in the office of the clerk of such circuit court. The inventory of assets and a list of claims shall be open to inspection.

(c) *Execution of legal documents; borrowing of money.* Such special deputy commissioner may execute, acknowledge and deliver all deeds, assignments, releases or other instruments necessary and proper to effect any sale or transfer or incumbrance of the property and may borrow money for use in the liquidation after the same has been approved by the commissioner and an order obtained from the circuit court of the county in which said association is located as hereinafter provided.

(d) *Conservation of assets; collection of claims; sale of assets and performance of any other acts upon petition and order of the court.* Upon taking possession, the special deputy commissioner may do such necessary acts to conserve its assets and business, and shall proceed to liquidate its affairs. He shall collect all claims belonging to it, and upon a petition approved by the commissioner and upon order of the circuit court, may sell or compound all bad or doubtful claims, or do any act or execute any necessary instruments and upon like petition and order may sell the property of such association on such terms as the court approves. The special deputy commissioner may, if necessary, enforce individual liability of the shareholders to pay the debts of the association.

(e) *Depositing of moneys in one or more state banks.* The moneys collected by the special deputy commissioner shall be deposited in state banks, and in case of the suspension or insolvency of the depository, such deposits shall be preferred before all other deposits.

(f) *Liquidating dividends.* At any time after the date fixed for the presentation of claims, the special deputy commissioner may, upon petition approved by the commissioner and an order of the circuit court, out of the funds remaining, after the payment of expenses and debts, declare liquidating dividends, and may declare a final liquidating dividend, such dividend to be paid to the persons, and in amounts as directed by the court.

(g) *Notice prior to order for final distribution.* Prior to the order for final distribution, the special deputy commissioner shall give notice by advertisement in such newspaper or newspapers as the court directs, weekly for 3 consecutive weeks, calling on all persons who have claims against such association arising during the liquidation proceedings, to present same to him and make proof thereof at a place and time specified. Proof of such notice shall be filed with the clerk of the circuit court. The special deputy commissioner may accept or reject any claim. Any interested party may file written objection to any claim with the special deputy commissioner, and such claim shall be determined by the court after such notice to all interested parties as the court prescribes. In the event of the rejection of any claim without objection thereto having been filed, such claim shall be barred unless suit thereon be brought within 3 months after notice of such rejection by registered mail has been given to the claimant by the special deputy commissioner.

(h) *Transfer of residual assets to commissioner.* After the order for final distribution has been made, the special deputy commissioner shall, with the approval of the commissioner and the circuit court, having jurisdiction thereof, assign all assets, claims and demands that have been written off and considered worthless, and all unknown assets, to the commissioner, who may accept and hold such assets, claims and demands with the power to compound, compromise, settle and assign the same and execute and deliver any legal instrument incidental thereto without court approval. Any moneys received therefrom shall be paid into the general fund of the state after the commissioner has deducted the cost of his services, attorney fees and other expenses incidental thereto.

(7) UNCLAIMED LIQUIDATING DIVIDENDS AND UNCLAIMED FUNDS. (a) Unclaimed liquidating dividends and all funds remaining in the hands of the special deputy commissioner at the date of the order for final distribution together with all final liquidating costs shall be by him delivered to the commissioner to be deposited by him in state banks, or in local savings and loan associations to the credit of the commissioner, in trust for the shareholders and creditors entitled thereto. The commissioner shall include in his annual report to the governor the names of associations liquidated, and the sums of unclaimed and unpaid liquidating dividends and unclaimed funds with respect to each of them, and a statement of interest earned upon such funds.

(b) Claims not presented within 10 years from the time an order of final distribution is made in the liquidation of any association shall be barred and the amount of the fund against which any claim or claims shall have become barred shall be the property of the state. The commissioner shall, at the end of each fiscal year, remit said amount to the treasurer who shall credit the same to the general fund. This paragraph shall be applicable to any amounts in said fund on July 19, 1947, as well as to any amounts placed in it subsequent thereto.

(c) The commissioner may pay the moneys so held by him to the persons entitled thereto, upon being furnished satisfactory evidence of their right to the same. In case of doubt or conflicting claims, he may require an order of the circuit court directing the payment. He may apply the interest earned by the moneys so held by him towards defraying the expenses in the payment and distribution of unclaimed liquidating dividends and funds to the shareholders and creditors entitled to the same.

(d) At the time of the order for final distribution, the commissioner may make application to the circuit court having jurisdiction for an order determining what books and records are to be kept and what destroyed, stating in such application his recommenda-

tions thereon. The court shall by order determine what books and records are to be kept and what may be destroyed and fix an appropriate time in either event. All books and records ordered kept shall be kept in a manner and place ordered, subject to the further order of the court. The expense of keeping records shall be paid before final distribution. All books and records ordered destroyed shall be delivered to the commissioner to be so destroyed or to be kept for such further time as the commissioner directs.

(8) TITLE PASSES TO COMMISSIONER. Upon filing the notice provided for in subsection (2), the possession of all property of the association shall be deemed to be transferred from the association to the commissioner; and filing of the notice mentioned herein shall of itself vest the title to such property in the commissioner. Such filing shall bar any attachment, garnishment, execution or other legal proceedings against the association or its property.

(9) EFFECT OF POSSESSION. No association shall have a lien or charge for any payment, advance or clearance made or liability incurred, against any of the assets of the association after the commissioner has possession.

(10) ACTION TO ENJOIN PROCEEDINGS. Whenever any association whose property the commissioner has taken possession of deems itself aggrieved thereby, it may, within 10 days after such taking, apply to the circuit court of Dane county to enjoin further proceedings; and said court after citing the commissioner to show cause why further proceedings should not be enjoined and hearing all allegations and proofs of the parties and determining the facts, may enjoin the commissioner from further proceedings, and direct him to surrender such business and property to such association.

(11) COMPENSATION AND EXPENSES IN CONNECTION WITH LIQUIDATION. The compensation of the special deputy commissioners, counsel and other employes and assistants and all expenses of supervision and liquidation shall be fixed by the commissioner, subject to the approval of the circuit court, and shall upon the certificate of the commissioner be paid out of the funds of the association. Such expenses include the cost of the service rendered by the commissioner to the association and shall be determined from time to time by him and shall be paid to the commissioner from the assets of the association.

(12) DEPRECIATION OF SHARE ACCOUNTS; ADJUSTMENT OF LOANS; INTEREST ON LOANS. The participation value of all share accounts shall be determined in the manner prescribed by the commissioner, and shall be made pursuant to section 215.46 (2) and (3), or in such other manner as he prescribes. Upon the approval of such determined value by the commissioner and the circuit court, the participation value of every member's share account shall be depreciated proportionately. At least 5 days' written notice of such determination of value shall be given to all shareholders of the time and place such value of the share accounts shall be submitted to the circuit court for approval. Should any shareholder or creditor feel aggrieved by such determination of value, he may within 15 days after the mailing of a notice by the commissioner, addressed to his last known address, giving notice of such determination and value, appeal to the supreme court. The depreciated participation value of all mortgage pledged share accounts shall be credited to the loans upon which pledged, and the borrowers shall be liable only for the balance. The legal rate of interest shall be charged on such loans. After the creditors of the association have been paid, the association and the members thereof may avail themselves of section 215.09.

(13) REINSTATEMENT. Whenever the commissioner has taken possession of the business and property of any association, it may resume business when:

(a) The owners of at least two-thirds of such association's dollar value of outstanding shares execute a petition to such effect, the form of which shall be prescribed by the commissioner, and

(b) There is submitted to the commissioner by such shareholders or a committee selected by them a plan for the reorganization and reinstatement of the association, and

(c) The commissioner recommends that control of the business and property of the association be returned to the shareholders, and

(d) The court in which such liquidation is pending, upon application of the commissioner, finds that the association will be in a safe and sound condition when control is resumed by the shareholders.

(14) REINSTATEMENT UPON A RESTRICTED BASIS. Such association may resume business upon a restricted basis, and upon limitations and conditions prescribed by the commissioner when approved by the circuit court, upon application of the commissioner. Such restrictions and conditions may include a prohibition against the acceptance of share payments on new shares, reasonable restrictions upon share repurchases and the payment of other liabilities. Such associations shall thereupon be relieved from the control of the commissioner.

(15) PROCEDURE UPON TAKING POSSESSION OF ASSOCIATION WHOSE SHARE ACCOUNTS ARE INSURED BY FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION. (a) The commissioner may, if he takes possession of any association, the shares or share accounts of which are to any extent insured by the federal savings and loan insurance corporation, tender to said corporation the appointment as statutory liquidator of such association. If he does not make such tender, he shall tender to said corporation the appointment as statutory coliquidator to act jointly with the commissioner, but such coliquidatorship shall not be for more than one year from the date of such tender, at the expiration of which time the commissioner shall become the sole liquidator except as herein otherwise provided. The commissioner shall tender to said corporation the appointment as sole statutory liquidator of such association whenever said corporation has become subrogated to the rights of 90 per cent of the liability of such association on shares and share accounts; and if in addition said corporation has deposited with the clerk of the circuit court of the county in which such association is located shares or share accounts in a local insured association not in default at least equal in amount to the shares and share accounts as to which the corporation has not become subrogated, or if the corporation becomes subrogated as to all the shares and share accounts in such association, it may then exercise all the powers and privileges herein conferred upon it without court approval. Such clerk shall accept such deposit for the benefit of the persons entitled to such shares or share accounts.

(b) If the corporation accepts the appointment as sole liquidator it shall possess all the powers and privileges of the commissioner as statutory liquidator of a possessed savings and loan association, and be subject to all the duties of the commissioner as sole liquidator, except in so far as such powers and privileges or duties are in conflict with federal laws, and except as herein otherwise provided, unless such association resumes business, pursuant to subsections (13) and (14). If the corporation accepts the appointment as coliquidator, it shall possess such powers and privileges jointly with the commissioner and shall be subject to such duties jointly with said commissioner.

(c) In the event the said corporation accepts the appointment as coliquidator or liquidator, it shall file such acceptance with the commissioner and such clerk of the circuit court and it may act without bond. Upon the filing by the corporation of its acceptance of the appointment as sole liquidator, the possession of and title to all the assets, business and property of the association shall vest in the corporation without the execution of any conveyance, assignments, transfer or indorsement. Upon the filing by the corporation of its acceptance of the appointment as coliquidator, such possession and title shall be vested in the commissioner and the corporation jointly. If the corporation does not qualify as sole liquidator at or before the time herein provided for the expiration of the coliquidatorship, the corporation shall be wholly divested of and from such joint title and possession and the sole title and possession shall thereupon vest in the commissioner. The vesting of title and possession of the property of the association, as provided by subsection (8), shall not render such property subject to any claims or demands against the federal corporation, except such as may be incumbered by it with respect to such association and its property. Whether or not it serves as aforesaid, the corporation may make loans on the security of or may purchase with the approval of the court, except as herein otherwise provided, all or any part of the assets of any association, the shares or share accounts of which are to any extent insured by it, but in the event of such purchase, the corporation shall pay a reasonable price.

(d) Whether or not the corporation serves as liquidator, whenever it pays or makes available for payment the shares or share accounts of any such association in liquidation which are insured by it, it shall be subrogated upon the surrender and transfer to it of such shares or share accounts, with respect thereto, but such surrender and transfer shall not affect any right which the transferor has in such shares or share accounts which are not paid or made available for payment or any right to participate in the distribution of the net proceeds remaining from the disposition of the assets of such association; provided, that the rights of the investors and creditors of such association shall be determined in accordance with the applicable provisions of the laws of the state.

History: 1951 c. 530.

VOLUNTARY LIQUIDATION

215.73 Voluntary liquidation; dissolution. (1) PROCEDURE FOR VOLUNTARY LIQUIDATION. Any association doing business under this chapter may go into liquidation or may dissolve by a two-thirds vote of the dollar value of the outstanding shares at a shareholders' meeting held especially for that purpose, after 30 days' notice to each shareholder. When an association has voted to liquidate or to dissolve, the board shall cause notice of this fact to be certified, under the seal of the association by its president and secretary, to the commissioner, and published once each week for 3 successive weeks

in a newspaper published in the county in which the association is located, and if no newspaper is there published, then in a newspaper published at the nearest county seat, calling on all persons who have claims against the association to present them to the association and make proof thereof at a specified place and time, and to mail a similar notice to all persons who appear as creditors on its books.

(2) PERIOD OF LIQUIDATION. Any association so liquidating shall dispose of all its assets within 10 years from the date of liquidation or dissolution unless the commissioner otherwise orders.

(3) STATUS OF BOARD OF DIRECTORS. The board shall remain a body corporate until the association is fully liquidated.

(4) FILLING VACANCIES ON BOARD OF DIRECTORS. In case of a vacancy on the board, the remaining directors may fill the vacancy by electing a director from among the members.

(5) APPLICABILITY OF OTHER SECTIONS. Any association so liquidating shall be subject to sections 215.52 and 215.53 the same as an association in actual operation.

(6) RESUMPTION OF BUSINESS. Such association, with the approval of the commissioner, may resume business upon conditions approved by him.

(7) OPTIONAL ADOPTION OF PLAN PROVIDED IN SECTION 215.46. Any association so liquidating may adopt the plan provided in section 215.46 in the following manner: Upon the signing of a petition, the form of which shall be prescribed by the commissioner, by shareholders owning at least 60 per cent of the dollar value of the outstanding shares, in which petition they agree to the reinstatement of such association upon the plan provided in section 215.46, the commissioner shall order a special meeting of such shareholders. There shall be submitted at such special meeting a resolution, the form of which shall be prescribed by the commissioner, rescinding the former action placing such association in liquidation. Such resolution shall be adopted if the vote in its favor is at least equal to that which adopted the resolution placing such association in liquidation. If, in addition to the foregoing resolution, such shareholders, by a majority vote of the dollar value of shares outstanding, adopt a further resolution, the form of which shall have first been approved by the commissioner, providing that the association be operated as provided in section 215.46, such association will be deemed to be reinstated. Upon such reinstatement the shareholders shall fill all vacancies on the board. The board shall forthwith appoint the appraisers as provided in 215.46 (2) and operate the association as provided therein. Voting by proxy shall be permitted at all meetings of shareholders as provided in section 215.12 (4), but proxies can be voted by members only.

(8) DISPOSITION OF FUNDS. (a) Unclaimed liquidating dividends and all funds remaining unpaid in the hands of the association or its board of directors at or immediately prior to the date of final distribution together with all final liquidating costs shall be by them delivered to the commissioner to be by him deposited in one or more state banks or local savings and loan associations, to the credit of the commissioner in his name, in trust for the various shareholders and creditors entitled thereto. The commissioner shall include in his annual report to the governor the names of the associations so liquidated and the sums of unclaimed and unpaid liquidating dividends and unclaimed funds with respect to each of them respectively, including a statement of interest or dividends earned upon such funds.

(b) Any claims not presented within 10 years from the time an order of final distribution is made by the board of directors of a liquidating association shall be deemed to have been abandoned and shall be barred and the amount of the fund against which any claim or claims shall have become barred shall forthwith become the property of the state. The state treasurer shall in the 30-day period preceding the end of each fiscal year ascertain from the commissioner the amount in said funds against which claims shall have become barred during said fiscal year and the commissioner shall transfer said amount to the general fund.

(c) The commissioner may pay over the moneys so held by him to the persons respectively entitled thereto, upon being furnished satisfactory evidence of their right to the same. In case of doubt or conflicting claims, he may require an order of the circuit court authorizing and directing the payment thereof. He may apply the interest and dividends earned by the moneys so held by him toward defraying the expenses of the savings and loan department.

(9) RESERVED AUTHORITY OF COMMISSIONER. This section shall not prohibit the commissioner from proceeding against any association as provided in section 215.70.

SAVINGS AND LOAN FINANCE CORPORATION

215.76 Savings and loan finance corporation. (1) ORGANIZATION AND INCORPORATION. When authorized by the commissioner, 10 or more associations, the aggregate

resources of which shall not be less than \$5,000,000, may form a savings and loan finance corporation (herein called a "finance corporation"). Each association shall subscribe, acknowledge and submit to the commissioner an organization certificate in duplicate which shall state:

- (a) The name shall contain the words "savings and loan finance corporation";
- (b) The place in the state where its business is to be transacted;
- (c) The number of shares for which each association has subscribed, which shall amount in the aggregate to not less than \$10,000;
- (d) The number of directors of such corporation, which shall not be less than 9, and the names of the persons who shall be its directors until the first annual meeting, and that they possess the qualifications specified in subsection (10);
- (e) The name and business location of the business office of each association subscribing the certificate and the aggregate resources of such association.

(2) BY-LAWS. The incorporators shall subscribe and acknowledge and submit to the commissioner proposed by-laws in duplicate, which shall prescribe the manner in which the business of such corporation shall be conducted with reference to the following matters:

- (a) The date in January of the annual meeting of shareholders; the manner of calling special meetings, and the number of members which shall constitute a quorum;
- (b) The number and qualifications of directors, subject to the provision of subsection (10); the method of division into classes for the purpose of electing, as nearly as may be, an equal number of directors each year; the removal or suspension of directors; the filling of vacancies on the board of directors, and the number of directors which shall constitute a quorum, which shall not be less than 5;
- (c) The meetings, powers and duties of directors; the appointment or election of appraisal, supervisory and auditing committees;
- (d) The officers; the manner of their election; their terms of office, duties and compensation; and the bonds which shall be required of officers who have the custody or possession of money, securities or property of the corporation;
- (e) The annual commission that may be charged each member, subject to the limitations of subsection (9);
- (f) The transfer of membership, subject to the limitations of subsection (8);
- (g) The manner in which the by-laws may be amended.

(3) BEGINNING OF CORPORATE EXISTENCE; CONDITIONS PRECEDENT TO COMMENCING BUSINESS. When the commissioner has indorsed his approval on the organization certificate, the corporate existence of the corporation shall begin, and it may then elect officers and transact such other business as relates to its organization; but it shall transact no other business until:

- (a) Subscriptions to its shares aggregating \$100,000 have been paid in cash and an affidavit stating that such subscriptions have been paid, subscribed and sworn to by its 2 principal officers has been filed with the secretary of state and a certified copy thereof in the office of the commissioner;
- (b) Authorization certificate has been issued by the commissioner.

(4) GENERAL POWERS. In addition to the powers conferred by general corporation law, a finance corporation shall, subject to the restrictions and limitations contained herein and its by-laws, have the following powers:

- (a) To borrow money and issue evidences of indebtedness therefor;
- (b) To issue, sell, redeem and refund notes, bonds and debentures, and for any such purpose, to assign or pledge any association securities held by it;
- (c) To loan money to its member associations on their secured or unsecured notes; but such loans shall not run longer than 10 years; nor shall the total amount borrowed by a member association, whether borrowed from the finance corporation or elsewhere, exceed two-fifths of the member association's assets. Section 215.20 (7) shall not apply to loans made to member associations;
- (d) To accept as collateral security by either pledge or assignment from a member association any bond and shareholder mortgage or any association land contract owned and held by said member association;
- (e) To accept as collateral security from a member association an association mortgage or association trust deed on any real estate owned by said member association, and assign or pledge such association securities as provided in paragraph (b);
- (f) To authorize member associations as agents of the finance corporation to collect and pay over the principal payments, share payments, interest payments and other sums payable under the terms of its assigned bond and shareholders' mortgages or, prior to a default upon such bond and mortgage and when adequate security has been given to the finance corporation by any member association, to retain such collections until a payment

to the finance corporation from such member association becomes due; to return to, or permit member associations to retain money so collected in excess of the amount required to meet their obligations;

(g) Upon any default by a member association in the payment of all or part of the principal or of the interest when due to the finance corporation: Declare all sums owing to it from the member associations payable at once; and in addition to other remedies, to sell at public sale on 10 days' notice all bonds and shareholders' mortgages and association land contracts assigned to it by the member association; to purchase at such sale, and after such purchase to liquidate, refinance or continue such bonds and shareholders' mortgages and associations' land contracts to maturity; and enforce and foreclose any association mortgage and association trust deed executed to it, to have a receiver appointed, and to purchase such real estate at any foreclosure sale. If any of the association securities, referred to in this paragraph, are assigned to the commissioner, his consent to the sale or foreclosure shall first be had, whereupon such sale or suit may be had or maintained in the name of the finance corporation;

(h) To invest its capital and other funds in the manner provided for the investment of trust funds;

(i) To purchase, hold and convey real property for the following purposes but no others: A plot whereon there is or may be erected a building suitable for the convenient transaction of its business, and to rent portions thereof not required for its own use; and such as shall be mortgaged to it in good faith, as security for loans made by it or moneys due it; and such as shall be conveyed to it for debts, and such as it purchases at sales under judgment or mortgages held by it;

(j) To designate as depositories of its funds any bank, trust company or savings bank of this state, or any national bank in this state;

(k) To borrow money from the state teachers' retirement fund, the state insurance fund, and from any other state investment fund, and any association.

(5) RESTRICTION OF POWERS. A savings and loan finance corporation shall not:

(a) Do a general deposit business, or

(b) Invest its capital or other funds in bonds secured by first mortgages on real estate if the amount secured by such mortgage is in excess of 75 per cent of its appraised value, or

(c) Invest more than 25 per cent of its surplus in real estate occupied or to be occupied by it for offices, without the written approval of the commissioner.

(6) DEBENTURES. (a) Subject to the limitations of subsection (4) (b), a finance corporation may issue its debentures in series of not less than \$10,000 upon assigning to the commissioner as trustee for the holders thereof, finance corporation securities.

(b) Only securities which are first liens on real estate shall be assigned.

(c) The finance corporation shall at all times maintain an assignment with the commissioner, finance corporation securities of the kind herein described on which the unpaid balance shall exceed the aggregate face value of the debentures issued against such securities in such proportion or proportions as the commissioner shall from time to time determine except that the excess shall never be less than 50 or more than 100 per cent.

(d) The commissioner shall permit withdrawal and substitution of such finance corporation securities under such reasonable rules as he shall from time to time establish.

(e) The amortization payments upon all mortgages accepted by the finance corporation as collateral security for bonds shall be sufficient to liquidate the debt in not exceeding 20 years.

(f) In the event of any default for more than 90 days in the payment of the principal, or if any instalment of interest upon any of said debentures, or the failure for 5 days after notice to maintain the required excess of finance corporation securities, the commissioner may, of his own motion, and shall, upon the written request of the holders of the debentures in default to the amount of \$10,000, take possession of and proceed to liquidate such defaulting finance corporation. Upon such liquidation he may, in the name of the finance corporation, enforce all of its rights and securities and collect and realize upon all of its assets, including all securities assigned to said finance corporation by the several member associations, and deposited with the commissioner, up to the amount advanced by the finance corporation to the several member associations thereon. Upon such liquidation, all said debentures then issued and outstanding shall forthwith become due and payable equally and ratably out of all assets of said finance corporation in advance of any other debts thereof not preferred by law, except that nothing herein shall invalidate or affect a prior lawful pledge or assignment of any of its corporation securities or assets.

(g) Debentures issued by the finance corporation shall be countersigned by the commissioner or his deputy and when so countersigned shall be a lawful investment for trust

funds in this state and for the state teachers' retirement fund, the state insurance fund and any other state investment fund.

(7) **GUARANTY RESERVE.** The finance corporation shall accumulate from its profits a guaranty reserve by carrying thereto annually a sum equal to one-half of one per cent of its capital, until such guaranty reserve equals at least 15 per cent of such capital.

(8) **PAR VALUE OF SHARES; TRANSFER AND REPURCHASES OF SHARES.** (a) Each member association shall pay \$100 for each share of the capital of the finance corporation issued to it, but no such association shall subscribe for or hold shares of such capital in excess of 10 per cent of its assets.

(b) Such shares shall not be transferable, except that a member association which is not liable to the finance corporation for any obligation direct or contingent may transfer its shares therein to another association, with the consent of the board of said finance corporation; or it may retire from membership and receive back the value of such shares as shown on the books of the finance corporation but not exceeding the sums it has paid for its shares, upon giving one year's notice of such intention, but no repurchase of shares shall be permitted by the board of the finance corporation, which shall reduce the total amount of the capital of the finance corporation below \$50,000.

(9) **SEMIANNUAL COMMISSIONS MAY BE CHARGED MEMBER ASSOCIATIONS.** A finance corporation may charge each member association semiannually a commission not exceeding one quarter of one per cent of the average outstanding debt of the member association to it during such period, provided that the rate of charge shall be uniform to all member associations.

(10) **QUALIFICATIONS OF DIRECTORS.** All of the directors of the finance corporation must reside in Wisconsin during their term of office, and all must be citizens of the United States. No person shall be a director unless he is a shareholder of a member association and has been nominated by it for that office; and every director who ceases to be a shareholder of a member association shall thereupon cease to be a director of the finance corporation, and his office shall be vacant.

(11) **SURETY BONDS OF DIRECTORS.** Directors who shall have the custody or possession of money, securities or property shall give bond to the finance corporation in an amount commensurate with their liabilities as approved by the commissioner.

(12) **OATHS OF DIRECTORS.** Each director, when appointed or elected, shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of the finance corporation, and will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to such finance corporation; and that he is the owner in good faith and in his own right on the books of the association which nominated him of 5 shares of paid-up shares, or other instalment savings shares having an aggregate participation value equal to 5 shares of paid-up shares, and that the same is not hypothecated, or in any way pledged as security during his previous term. Such oath shall be subscribed by the officers making it, and certified by an officer authorized to administer oaths, and immediately transmitted to the commissioner.

(13) **CHANGE OF NUMBER OF DIRECTORS.** The members of the finance corporation may at any time change the number of its directors by amending its by-laws.

(14) **OFFICERS; ELECTION; SURETY BONDS AND COMPENSATION.** (a) The by-laws of the finance corporation shall specify its officers, the manner of their election, and their terms of office. Said officers shall hold office until their successors are elected and have qualified.

(b) The officers who have the custody or possession of money, securities or property shall give bond to the association as provided in the by-laws.

(c) The officers shall receive such compensation as is prescribed in the by-laws.

(15) **ANNUAL MEETING; NOTICE; VOTING.** The annual meeting of the finance corporation, for the election of directors, shall be held at its principal place of business in January of each year. Notice of the time and place of holding such election shall be given by mailing a copy of such notice postage prepaid, to each shareholder of said finance corporation 10 days before such meeting. Each member shall be entitled to one vote for every share of the capital standing in its name on the books of the finance corporation.

(16) **PREFERENCE OF CREDITS.** All the property of any bank, trust company or savings and loan association which shall become insolvent shall be applied by the trustees, assignees or receivers thereof or by the commissioner in the first place to the payment in full of any sum or sums of money deposited therewith by the finance corporation or due it for subscriptions, sinking funds, interest and principal of bonds, or guaranty of mortgages, ratably and proportionately but not to an amount exceeding that authorized to be

so deposited or contracted and in accordance and on an equality with any other preference provided for.

(17) EXEMPTION FROM TAXATION. The finance corporation itself, together with its capital, accumulations and funds, and the debentures issued by it shall have the same exemption from taxation as savings and loan associations. No law which taxes corporations in any form, or the shares thereof or the accumulations therein, shall be deemed to include the finance corporation or its issues of debenture bonds unless they are specifically named in such law.

(18) POWERS OF COMMISSIONER OVER FINANCE CORPORATION. (a) Finance corporations shall upon request of the commissioner, if he finds necessity thereof, make reports to the commissioner and be examined by him in the same manner as provided for savings and loan associations.

(b) The bonds of all officers of finance corporations shall be approved by and filed with the commissioner.

(c) Any default described in subsection (4) (d) shall be grounds for the commissioner to take possession of and liquidate such defaulting association as provided in section 215.70.

(19) DEFINITIONS FOR 215.76. When used in this section, unless the context clearly indicates otherwise, the following definitions apply:

(a) "Association" means a savings and loan association organized under the laws of this state or the United States.

(b) "Member association" means an association which is a member of the finance corporation.

(c) "Commissioner" means the commissioner of savings and loan associations.

(d) "Bonds and shareholders' mortgages" mean the bonds and mortgages executed by borrowing members to the association.

(e) "Association land contracts" mean land contracts executed by an association on association real estate owned by it to a purchaser thereof.

(f) "Association real estate" means real property owned and held by an association in fee simple.

(g) "Association mortgages" mean mortgages executed by an association to a finance corporation on association real estate.

(h) "Association trust deed" means trust deeds executed by an association to a finance corporation on association real estate to secure the payment of a debt from the association to such finance corporation.

(i) "Association securities" mean and include all bonds and shareholders' mortgages, association land contracts, association mortgages and association trust deeds of a member association assigned to or executed to a finance corporation or pledged with such corporation as security for moneys loaned by it to said member association.

(j) "Corporation securities" mean and include all association securities assigned to or pledged with the commissioner by a finance corporation to secure the payment of its debentures.

FOREIGN ASSOCIATIONS

215.80 Definition of foreign associations. Any corporation or association, organized under the laws of any other state or territory, for the purpose of raising money to be loaned among its members, shall be known as a foreign association.

215.81 Examination of foreign associations. The commissioner, before granting a license, shall examine every foreign association applying for permission to transact business in this state, and every such association shall pay the actual cost of making such examinations.

215.82 Deposit of foreign associations with state treasurer. (1) REQUIRED AMOUNT OF DEPOSIT. No foreign savings and loan association and no foreign association or corporation representing itself to be a savings and loan association or doing business on the building-society plan, and no association or corporation organized under the laws of any other state or territory and doing business in the manner provided for savings and loan associations by this chapter shall issue its shares, receive moneys or transact any business in this state unless it shall have and keep on deposit with the state treasurer, in trust for the benefit and security of all its members in this state, \$500,000 to be held until all shares of such association, held by residents of this state, have been fully repurchased, redeemed or paid off and until its contracts and obligations to persons residing in this state shall have been fully performed and discharged.

(2) COMMISSIONER'S APPROVAL OF SECURITIES COMPRISING DEPOSIT. The securities comprising such deposit shall first be approved by the commissioner under the rules and regulations governing the approval of securities of trust company banks. Upon such

deposit being made the state treasurer shall issue a certificate therefor, and thereupon the commissioner may issue his certificate of authority to said association to transact business in this state.

(3) TYPES OF SECURITIES COMPRISING DEPOSIT. The deposit to be made with the state treasurer may consist of bonds or treasury notes of the United States, or bonds of any city, village, town or county of this state.

(4) INTEREST ON SECURITIES DEPOSITED. All interest which may accrue on securities held by the state treasurer may be collected and retained by the depositor so long as such foreign association remains solvent and performs all contracts with its members.

(5) WITHDRAWAL AND SUBSTITUTION OF SECURITIES COMPRISING DEPOSIT. Any securities, if approved by the commissioner, may from time to time be withdrawn if others of equal value and the character named in this section are substituted therefor.

(6) REPLACEMENT OF DEPRECIATED SECURITIES COMPRISING DEPOSIT. If any securities depreciate in value new ones must be added, so that the deposit may at all times be kept good and of the value of \$500,000. The commissioner shall revoke the certificate of authority of any foreign association when there exists an impairment of such deposit for more than 30 days after notice to the association given by such commissioner.

(7) CONDITIONS REQUIRING INCREASE OF AMOUNT OF DEPOSIT. Whenever the commissioner finds that the liability of any foreign savings and loan association or any foreign investment association on shares or contracts then outstanding or contracted for by persons residing in this state, exceeds 90 per cent of the amount of the deposit under subsections (1) and (6), exclusive of any such liability under any agreement existing, created, regulated or required by the industrial commission under chapter 108 or by any other department, commission or division of state government, the commissioner shall order such association or corporation to deposit within 30 days with the state treasurer, an additional amount in cash or securities of the class mentioned in subsection (3), or such other securities as the commissioner requires and approves. If such order is not complied with within 30 days, the commissioner shall revoke the certificate of authority of such association or corporation.

(8) WITHDRAWAL OF SECURITIES WITHOUT REPLACEMENT OR SUBSTITUTION; WHEN PERMITTED. Any foreign association, having made the deposit of securities required by this chapter, and desiring to withdraw same or any of them without depositing securities of like character and amount, or desiring to discontinue its business or withdraw from the state, may do so by complying with the following provisions: It shall file with the commissioner a statement reciting the reasons for desiring to withdraw securities and the amount to be withdrawn. The commissioner shall thereupon examine the association and determine the amount of its liabilities on account of all agreements or contracts outstanding with residents of this state, and if convinced that the interests of such residents will not be injured or jeopardized by such withdrawal shall publish in 3 newspapers in this state for 3 weeks, at the expense of the association, notice of such request, and if no objection is filed by any resident holding any share, certificate, bond or other evidence of indebtedness of or against the association within one week after the last publication the commissioner shall certify to the state treasurer the amount of liabilities, if any existing in this state and the amount of securities such association is permitted to withdraw, and upon filing a receipt for such amount the association may withdraw the same; but there shall remain a sufficient deposit to protect state residents holding shares, certificates, bonds or other evidences of indebtedness of or against the association.

215.83 Conditions precedent to commencement of business of foreign associations. Every foreign savings and loan association, before doing business in this state, shall:

(1) File with the commissioner a duly authenticated copy of its charter or articles of incorporation and by-laws, and of its certificates of shares and of all printed matter issued by it, and

(2) A certificate of the state officer having charge and supervision of such association in its home state, certifying that such association is legally incorporated and authorized to transact business, and that similar associations incorporated under the laws of this state are permitted and licensed to transact business in such state, and

(3) Pay to the commissioner \$100 for filing the papers mentioned in this section.

215.84 Appointment of commissioner as attorney for foreign associations. Before granting a license to any foreign association the commissioner shall require that such association file an appointment of the commissioner and his successor in office as the attorney upon whom any summons, notice or process of any court of this state may be served and stipulate that service of any such summons, notice or process upon such attorney, in any action brought upon any cause of action arising out of any business trans-

action, in this state, shall be accepted irrevocably as a valid service upon such association. Copies of said appointment, certified by the commissioner, shall be deemed sufficient evidence of his authority to accept service as such. Each such association shall agree in such appointment of attorney, that the license granted by the commissioner shall cease and be revoked in case such association makes application to remove into any court of the United States any action or proceeding commenced in any court of this state upon a claim or cause of action arising out of any business or transaction done in this state. The commissioner shall revoke every license or certificate granted to any association violating the provisions of this section, and no such association shall have its license or certificate of authority renewed for 3 years after such revocation, and shall agree that in the event of revocation of license such appointment of the commissioner shall continue for the purpose of serving process for beginning actions upon any certificate of stock or liability incurred or contracted in this state while it transacted business therein, so long as any liability exists. When legal process against such association is served upon the commissioner, he shall immediately notify the association of such service by letter and inclose a copy of the process served on him to said association or to any person designated by it in writing. The plaintiff, for each process so served, shall pay to the commissioner, at the time of such service, a fee of \$2 which shall be recovered by the plaintiff as a part of the taxable costs if he prevails in the action. The commissioner shall keep a record of all process served on him, showing the day and hour when such service was made. All the fees received by him on account of the service of process shall be paid into the state treasury.

215.85 License of foreign associations; when granted. No foreign association shall do business in this state without having paid the fees prescribed in this chapter and obtained from the state treasurer a certificate that the deposit required by this chapter has been made, and from the commissioner a certificate of authority or license to do business in this state, stating that such association has complied with this chapter; and such certificate of authority or license shall be in force one year unless sooner revoked, and shall be renewed from year to year, and unless so renewed such association shall not do business in this state.

215.86 License of agents of foreign associations. No person shall act as the agent of any foreign association until he has, at the request of such association, procured from the commissioner a license reciting the facts that such association is licensed to transact business in this state and has complied with all requirements. The fee for such license shall be \$25 and the license shall continue in force, unless sooner revoked, until the close of the fiscal year of the association.

215.87 Annual reports of foreign associations; compliance with laws. Every foreign association shall make such annual report as is required of local associations and comply with all laws applicable to such associations and be subject to the same penalties.

215.88 Condition warranting appointment of receiver of foreign association. The commissioner shall upon evidence furnished to him that any licensed foreign association has failed to pay any final judgment rendered against it in any court of this state, apply for the appointment of a receiver. All expenses incurred by him under this section, when certified to the director of budget and accounts as actually necessary, shall be paid out of his appropriation.

215.90 Scope of 1949 revision. The 1949 revision (Bill 20, S. of 1949) of chapter 215 of the Wisconsin statutes of 1947 does not change the law. Only the language of the chapter is changed.