



State of Wisconsin
Department of Financial Institutions

Tommy G. Thompson, Governor

Richard L. Dean, Secretary

STATE OF WISCONSIN)
) SS
DIVISION OF SAVINGS INSTITUTIONS)

CERTIFICATE

I, Thomas M. Boykoff, Administrator of the Division of Savings Institutions and custodian of the official records of the Division, do hereby certify that the annexed rule, relating to establishing a procedure for a mutual savings and loan association with deposits not insured by a deposit insurance corporation to reorganize into another type of mutual depository institution (including a state credit union) with insured deposit accounts, was duly approved by me on July 1, 1996.

This rule shall become effective on the first day of the month following its publication in the Wisconsin Administrative Register, pursuant to s. 227.22(2) (intro.), Stats.

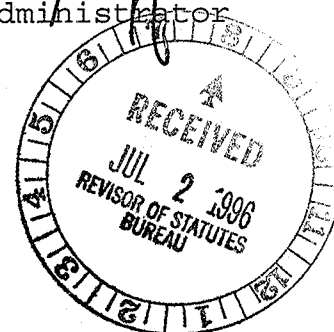
I further certify that this copy of the rule has been compared by me with the original on file in this agency and that it is a true copy of the whole original.

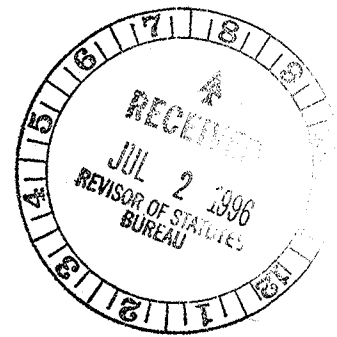
IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department of Financial Institutions this 1st day of July, 1996.



Thomas M. Boykoff

Thomas M. Boykoff, Administrator





ORDER OF THE
DEPARTMENT OF FINANCIAL INSTITUTIONS,
DIVISION OF SAVINGS INSTITUTIONS

ADOPTING A RULE

The administrator of the Division of Savings Institutions in the Department of Financial Institutions adopts an order to adopt s. S-L 3.02, relating to establishing a procedure for a mutual savings and loan association with deposits not insured by a deposit insurance corporation to reorganize into another type of mutual depository institution (including a state credit union) with insured deposit accounts.

Analysis Prepared By The
Department of Financial Institutions
Division of Savings Institutions

Statutory authority: s. 215.02(7)(a), Stats.

Statute interpreted: ss. 215.02(7)(a) and 215.50(1), Stats.

Among Wisconsin's 12 state savings and loans ("S&Ls"), only one (Employes' Mutual Saving Building and Loan Association in Milwaukee) does not have FDIC insurance of its deposit accounts. This rule provides a procedure whereby that S&L or any similar S&L may convert to another type of mutual depository institution (including a state credit union) with insurance of deposit accounts.

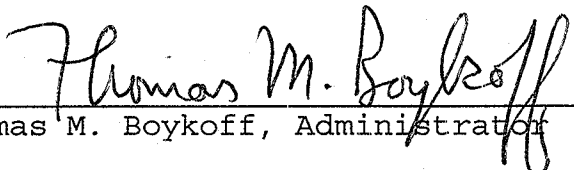
The rule provides that an S&L with noninsured deposit accounts may convert to another type of depository institution (including a state credit union) with insured accounts. The rule then prescribes: (1) in sub. (1), the requirement of approval of the administrator of the division of savings institutions if certain safety and soundness standards are met. (2) In sub. (2), the majority of members of the S&L must approve the reorganization after proper notice and a properly held meeting. (3) In sub. (3), the information which must be submitted to the administrator is identified. (4) In sub. (4), it is stated that the new depository institution will be a continuation of the corporate existence of the S&L and that all obligations, responsibilities and rights of the S&L transfer to the new institution. (5) Sub. (5) states that upon formation of a depository institution, the S&L is dissolved. (6) Sub. (6) provides for the rule to sunset on December 31, 1997.

Fiscal estimate. This rule will have no fiscal impact on the Division of Savings Institutions in the Department of Financial Institutions. The required reviews and procedures will be done with existing personnel and resources and the \$1,000 fee should cover all anticipated costs.

Small business flexibility statement. This rule will provide all savings and loan associations having no insurance of deposit accounts -- including those covered by the definition of "small business" under s. 227.114(1)(a), Stats. -- with the procedure to convert to another type of depository institution (including a state credit union) with insured deposit accounts. The rule will apply to only one S&L at present, and is unlikely to apply to any other S&L in the future. However, exempting small businesses from this rule would be contrary to the statutory objectives which are the basis for the rule; i.e., providing a safe procedure for conversion from a S&L with no insurance of deposit accounts to another depository institution with insurance of deposit accounts.

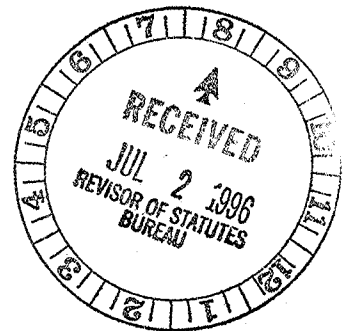
Pursuant to the authority invested in the administrator of the Division of Savings Institutions in the Department of Financial Institutions by s. 215.02(7)(a), Stats., the administrator hereby adopts s. S-L 3.02 relating to establishing a procedure for a mutual savings and loan association with deposits not insured by a deposit insurance corporation to convert to another type of mutual depository institution (including state credit union) with insured deposits.

Dated: July 1, 1996



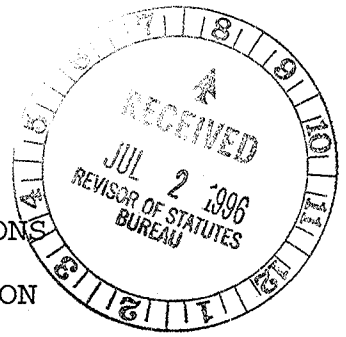
Thomas M. Boykoff, Administrator

Attachment



RULE

AUTHORIZING UNINSURED SAVINGS AND LOAN ASSOCIATIONS
TO REORGANIZE AS AN INSURED DEPOSITORY INSTITUTION



SECTION 1. S-L 3.02 is created to read:

S-L 3.02 REORGANIZATION AND SECURING INSURANCE OF ACCOUNTS.

(S. 215.50(1), Stats.) (1) REORGANIZATION AUTHORIZED. With the approval of the administrator, a mutual association, the deposit accounts of which are not insured by a federal insuring agency, may reorganize into another type of mutual depository institution, including a state credit union, in a transaction in which it obtains insurance of deposit accounts.

(2) STANDARDS FOR REORGANIZATION. The transaction shall be completed pursuant to a plan of reorganization approved by the administrator and which the administrator finds does all the following:

(a) Is fair and equitable to all depositors in the reorganizing association.

(b) Provides for establishment, on behalf of depositors at the reorganizing association, of insured accounts in the reorganized institution on the same terms previously in effect. However, the membership rights attributable to the depository by virtue of their accounts may be modified to reflect any statutory or other regulatory differences between the reorganizing association and the reorganized depository institution.

(c) Complies with any other requirements prescribed in writing by the administrator.

(3) APPROVAL OF PLAN OF REORGANIZATION. The plan of reorganization shall be approved by an affirmative vote of the majority of all votes entitled to be cast by members of the reorganizing association. The association shall mail a notice of a meeting to vote on the plan of reorganization to each member and post one in each association office at least 10 days prior to the meeting. The notice shall state the date, time, place and purpose of the meeting; provide a summary of the plan of reorganization; and include any other information specified by the administrator.

(4) APPLICATION. Within 90 days after the date of the meeting at which a plan of reorganization is adopted, the association shall submit the following to the administrator:

(a) A certified copy of the minutes in the meeting at which the plan was adopted.

(b) Evidence of issuance of a document by a state or federal regulator or both authorizing the transaction if the reorganized entity has a primary regulator other than the administrator, proof of approval of insurance of accounts for the reorganized institution and a timetable of steps to be taken to effect the

reorganization.

(c) A \$1,000 fee for processing of the reorganization application.

(d) Any additional information that the administrator may require pertaining to insurance of accounts or the reorganization.

(5) CONTINUATION OF RIGHTS AND OBLIGATIONS. Upon reorganization, the corporate existence of the association shall terminate and the resulting depository institution shall be deemed a continuation of the association. All property and rights of the association shall vest in the resulting depository institution at the time of reorganization and all of its obligations shall become those of the resulting institution. Transactions, actions and other judicial proceedings to which the association was a party may be conducted, prosecuted and defended by the successor.

(6) ADMINISTRATOR'S FINAL DOCUMENT. Upon completion of the reorganization, the administrator shall issue a certificate cancelling the corporate existence of the association and no further business shall be conducted by that association.

(7) EXPIRATION DATE. This section shall expire at the close of December 31, 1997.

SECTION 2. EFFECTIVE DATE. Under s. 227.22(2), Stats., this rule takes effect on the first day of the month following its publication in the Wisconsin Administrative Register.

DFI/DSI 7/1/96

LRB or Bill No./Adm. Rule No. S-1 3.02
Amendment No. if Applicable

FISCAL ESTIMATE

DOA-2048 (R10/92)

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject Relating to establishing a procedure for a mutual S&L with uninsured deposits to reorganize into a financial institution with insured deposits.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts VTAE Districts

- Fund Sources Affected
 GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The costs of administering the rule will be covered by the fee proposed for applicants and by existing agency resources.

Long-Range Fiscal Implications

None

Agency/Prepared by: (Name & Phone No.) 242-2180
Office of Commissioner of S&L

Authorized Signature/Telephone No. 242-2180

Harold M. Lee Jr.
Harold M. Lee Jr., Commissioner

Date 2/26/96



State of Wisconsin
Department of Financial Institutions

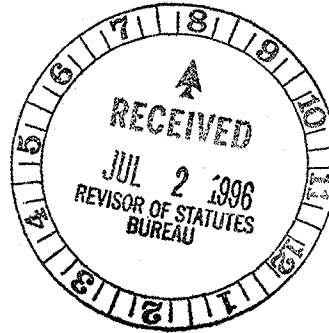
Tommy G. Thompson, Governor

Richard L. Dean, Secretary

July 1, 1996

Bruce Munson
Revisor of Statutes
131 W Wilson St 9th Floor
Madison WI 53702

Douglas J LaFollette
Secretary of State
30 W Mifflin St 9th Floor
Madison WI 53702



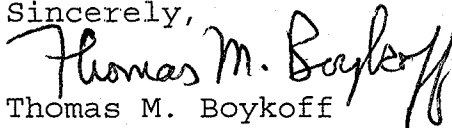
Gentlemen:

Pursuant to s. 227.20(1), Stats., enclosed is a certified copy of an administrative rule adopted by the Division of Savings Institutions in the Department of Financial Institutions and a "Certificate" and "Order" relating to it. This rule is Clearinghouse Rule 96-032, relating to establishing a procedure for a mutual savings and loan association with deposits not insured by a deposit insurance corporation to reorganize into another type of mutual depository institution (including a state credit union) with insured deposit accounts.

Adoption of this rule was commenced months ago by the Office of the Commissioner of Savings and Loan and is formally adopted by the Division of Savings Institutions in the Department of Financial Institutions which became effective today. After speaking with Deputy Revisor Gary Poulson on June 28, the word "commissioner" in the rule was changed to "administrator" to update the reference under the newly effective law. Also, references in the various documents submitted to you are changed to the new agency, being substituted for references to the prior agency.

If you have any questions, please feel free to telephone me.

Sincerely,


Thomas M. Boykoff
Administrator

TMB/k

cc: Richard L. Dean, Secretary, DFI
Ralph Brunner, Office of Credit Unions