CHAPTER 186

CREDIT UNIONS

186.01 Definitions.
186.015 Credit union review board.
186.02 Incorporation, bylaws, amendment, fees.
186.03 Use of name exclusive.
186.035 Deceptive or misleading use of credit union name, logo, or symbol.
186.06 Membership meetings, fiscal year.
186.07 Board of directors.
186.071 Oath of office.
186.08 Officers, management.
186.082 Definitions applicable to indemnification and insurance provisions.
186.083 Mandatory indemnification.
186.084 Determination of right to indemnification.
186.085 Allowance of expenses as incurred.
186.086 Credit union may limit indemnification.
186.087 Additional rights to indemnification and allowance of expenses.
186.088 Court−ordered indemnification.
186.089 Indemnification and allowance of expenses of employees and agents.
186.091 Insurance.
186.093 Definitions applicable to liability−related provisions.
186.094 Reliance by directors or officers.
186.095 Consideration of interests in addition to members' interests.
186.096 Limited liability of directors and officers.
186.098 Loans.
186.10 Minors' rights; shares in trust.
186.11 Investments.
186.112 Credit union borrowing.
186.113 Credit union powers.
186.115 Additional credit union authority.
186.116 Financially related services tie−ins.
186.12 Compensation of officers, operation expenses.
186.13 Expulsion.
186.14 Expelled member rights and liabilities.
186.15 Auditing.
186.16 Dividends.
186.17 Reserves.
186.18 Dissolution.
186.19 Bonding requirements.
186.20 Financial privacy.
186.21 Credit unions promoted.
186.22 Credit union finance corporation; incorporation; organization certificate.
186.235 Office of credit unions.
186.31 Mergers.
186.314 Conversion.
186.315 Charter cancellation.
186.32 Corporate central credit union.
186.325 National corporate central credit union.
186.34 Federal share insurance.
186.36 Sale of insurance in credit unions.
186.41 Interstate acquisitions and mergers of credit unions.
186.45 Non−Wisconsin credit union, Wisconsin offices.
186.52 Customer access to appraisals.
186.53 Customer access to credit reports.
186.60 Venue.
186.70 Record search.
186.71 Reproduction and destruction of records; evidence.
186.80 False statements.

186.01 Definitions. In this chapter:

(2) "Credit union" means, except as specifically provided under ss. 186.41 (1) and 186.45 (1), a cooperative, nonprofit corporation, incorporated under this chapter to encourage thrift among its members, create a source of credit at a fair and reasonable cost, and provide an opportunity for its members to improve their economic and social conditions.

(3) "Deposit account" means an account treated as any form of savings.

(3c) "Federal share insurance" means the national credit union share insurance fund under 12 USC 1783.

(3m) "National board" means the national credit union administration board of the national credit union administration established under 12 USC 1752 or the managing body of any successor that is authorized to provide federal share insurance for credit unions.

(4m) "Public depositor" has the meaning given in s. 34.01 (4).

(5) "Regular reserve" means an irrevocable reserve set aside to cover losses.

(7m) "Share deposit" means a balance that is established and maintained by a person at a credit union that confers membership rights to that person.

(8) "Vicinal industries" includes employers which operate one or more facilities within a well−defined neighborhood or urban, suburban or rural community whose limits shall not be determined by any arbitrary physical standard.

History: 1971 c. 193; 1973 c. 255; 1979 c. 34; 1979 c. 175 s. 53; 1979 c. 282; 1981 c. 156; 1983 a. 189; 1985 a. 29; 1995 a. 27, 151; 1997 a. 152; 2003 a. 63.

186.015 Credit union review board. (1) CONFER WITH OFFICE. The office of credit unions shall confer with the credit union review board on matters affecting credit unions and the office. Detailed minutes of each review board meeting shall be kept, and the decision of the review board with reference to all orders issued, or policies established by the office of credit unions pursuant to this chapter is final, except for judicial review as provided in ch. 227.

(2) DUTIES. The review board shall do all of the following:

(a) Advise the office of credit unions and others in improving the condition and service of credit unions.

(b) Review the acts and decisions of the office of credit unions and conduct reviews under sub. (5).

(c) Respond promptly on credit union matters and to questions submitted to the review board by the office of credit unions or by a credit union.

(d) Serve as an appeal board for credit unions.

(e) Perform other credit union review functions as provided by law or rule.

(f) Conduct hearings, take testimony, issue subpoenas and administer oaths to witnesses.

(3) APPROVAL OF ACTIONS. The review board may require the office of credit unions to submit any of the office's official actions to the review board for its approval.

(3g) PROCEDURE. The review board may promulgate rules of procedure under ch. 227.

(3r) HEARING APPEARANCES, SUBPOENAS. (a) Any interested person may appear at a hearing of the review board, participate in the examination of witnesses and present evidence.

(b) The review board shall have the subpoena powers under s. 885.01 (4).

(4) WITNESS FEES. (a) Any person causing a witness to be subpoenaed shall advance and pay the fees and mileage of the witness, which shall be the same as in circuit court.

(b) The fees and mileage of witnesses who are called at the instance of the review board shall be paid by the state in the same manner that other expenses are paid, upon presentation of proper vouchers approved by at least one member of the review board and charged to the appropriation of the office of credit unions.

(5) REVIEWS. Any interested person aggrieved by any act, order or determination of the office of credit unions that relates to credit unions may, within 60 days after the date of the act, order or determination, apply for review by the review board. The review board shall determine if the office of credit unions acted within the scope of the office's authority, has not acted in an arbitrary or capricious manner and has based the act, order or deter-

mination on evidence supported by the record. The review board shall dispose of a review application within 60 days after the date on which it is received, unless the review board designates a hearing examiner, in which case the review board shall dispose of the review application within 180 days after the date on which it is received.

(6) DECISIONS. (a) Three members of the review board shall constitute a quorum and a majority vote of those present shall decide. A member of the review board is not qualified to act in any matter involving a credit union in which the member is an officer, director or stockholder, or to which the member is indebted.

(b) Any final order or determination of the review board shall be subject to review in the manner provided in ch. 227.

History: 1971 c. 193; 1975 c. 345, 421; 1979 c. 282; 1981 c. 390 s. 252; 1993 a. 482; 1995 a. 27; 1995 a. 151 ss. 17 to 34, 300; 1997 a. 152.

Cross−reference: See also DFI−CU and ch. DFI−CU 56, Wis. adm. code.

186.02 Incorporation, bylaws, amendment, fees. (1) INCORPORATION. Seven or more residents of this state may organize a credit union by filing with the office of credit unions the proposed articles of incorporation in duplicate and the proposed bylaws, together with a $100 filing fee. The articles of incorporation shall state the name and purpose of the credit union, the county in which its initial principal office is located and the names and addresses of the incorporators.

(2) BYLAWS. (a) The bylaws shall prescribe all of the following:

1. The conditions that determine eligibility for membership.

2. The par value of capital stock not exceeding $50 per share.

3. The conditions on which accounts may be paid in, transferred and withdrawn.

4. The method of receipting for money paid on accounts.

5. The number of directors and the length of their terms.

5d. The responsibilities and qualifications of the directors.

5h. The nomination and election procedures for directors.

5p. Meeting notification procedures.

5t. Procedures for removing directors from the board of directors.

6. The duties of the officers of the credit union.

7. The date of the annual membership meeting, to be held before July 1.

8. The manner by which members are notified of annual and special meetings.

9. The number of members constituting a quorum at an annual or special meeting.

11. The procedures for amending the bylaws.

11m. The terms required under s. 186.06 (2m).

12. Other necessary or appropriate provisions.

(b) Credit unions shall be open to:

1. Groups having common or related bonds of occupation or association.

2. Except as otherwise provided in this subdivision, individuals who reside or are employed within well−defined and contiguous neighborhoods and communities. If the office of credit unions, subsequent to a credit union merger, determines that it would be inappropriate under the circumstances to require members of the credit union that results from the merger to reside or be employed in contiguous neighborhoods and communities, the requirement that these neighborhoods and communities be contiguous does not apply.

2m. Individuals who reside or are employed within well−defined and contiguous rural districts or multicounty regions.

3. Employees of related or vicinal industries.

4. Members of bona fide fraternal, religious, cooperative, labor, rural, educational, or similar organizations and employees of the credit union.

(c) Members of the immediate family of all qualified persons are eligible for membership.

(d) 1. An organization or association of individuals, the majority of the directors, owners, or members of which are eligible for membership, may be admitted to membership in the same manner and under the same conditions as individuals.

2. An organization or association that has a business location within any geographic limits of the credit union's field of membership may be admitted to membership.

(e) An individual member who ceases to qualify for membership under the bylaws may retain his or her full membership in the credit union at the discretion of the board of directors.

(em) A public depositor who makes a public deposit in a credit union may become a member of the credit union if the bylaws permit membership of public depositors.

(f) If the bylaws require a member to purchase capital stock, an amount equivalent to the value of the required number of shares deposited by the member in any deposit account of the credit union may be treated as the member's share deposit.

(3) ARTICLES AND BYLAWS. (a) Subject to par. (b), a credit union may not be organized unless the articles and bylaws are approved by the office of credit unions. If the office of credit unions approves the articles and bylaws, the office of credit unions shall return one approved duplicate original of the articles of incorporation to the incorporators, and the incorporators shall within 30 days record the articles of incorporation in the office of the register of deeds of the county in which the credit union is to be located. The legal existence of the credit union commences on the date and time the articles are recorded. The register of deeds shall transmit to the office of credit unions a certificate stating the date and time when the articles were recorded, and the office of credit unions shall issue a certificate of incorporation to the credit union.

(b) If the office of credit unions refuses to approve the articles or bylaws, the incorporators may appeal the refusal to the credit union review board and the decision of the review board is final, subject to judicial review under ch. 227.

(4) AMENDMENTS. (a) Amendments to the articles of incorporation adopted by a vote of two−thirds of the members of the credit union present at an annual meeting or a special meeting called for that purpose may be filed with the office of credit unions upon payment of a $50 fee. If approved by the office of credit unions, amendments to the articles are effective on recording in the office of the register of deeds in the same manner as the original articles.

(b) All amendments to the bylaws shall be filed with the office of credit unions and shall be accompanied by the payment of a $50 fee. Amendments to the bylaws shall take effect only after being approved by the office.

(c) A credit union is not required to obtain the prior approval of its membership to move the credit union's principal office within a 20−mile radius of its present location, including to another county.

History: 1971 c. 193 ss. 42 (1), (3); 1983 a. 369; 1983 a. 538 ss. 171, 172; 1985 a. 25 s. 15; 1993 a. 301; 1995 a. 27, 151; 1997 a. 152; 2003 a. 63.

186.03 Use of name exclusive. (1) LIMITS. A person may not use a name containing the phrase "credit union", represent itself as a credit union or conduct business as a credit union unless the person is any of the following:

(a) A credit union.

(b) An association of credit unions.

(c) An organization, association or corporation whose membership or ownership is primarily confined or restricted to credit unions.

(2) USE REQUIRED. A credit union shall use the phrase "credit union" in its corporate name.

(3) NAME APPROVAL. The office of credit unions shall approve a credit union's name before the name is officially adopted. A

credit union may not adopt the name of another credit union doing business in this state.

(4) PENALTY. Whoever violates this section may be fined not more than $5,000.

History: 1971 c. 193 s. 42 (1); 1985 a. 127; 1993 a. 112; 1995 a. 27; 1995 a. 151 ss. 63, 64, 301.

186.035 Deceptive or misleading use of credit union name, logo, or symbol. (1) USE OF CREDIT UNION NAME, LOGO, OR SYMBOL FOR MARKETING PURPOSES. Except as provided in sub. (3), no person may use the name, logo, or symbol, or any combination thereof, of a credit union, or any name, logo, or symbol, or any combination thereof, that is deceptively similar to the name, logo, or symbol of a credit union, in any marketing material provided to or solicitation of another person in a manner such that a reasonable person may believe that the marketing material or solicitation originated from or is endorsed by the credit union or that the credit union is responsible for the marketing material or solicitation.

(2) ENFORCEMENT AND PENALTIES. The office of credit unions shall direct any person the office finds to have violated sub. (1) to cease and desist from violating sub. (1). If a person violates sub. (1) after receiving such direction, the office of credit unions may impose a forfeiture of up to $1,000 for each violation. Each instance in which marketing material is provided to another person or solicitation of another person takes place in violation of sub. (1) constitutes a separate violation. This subsection does not affect the availability of any remedies otherwise available to a credit union.

(3) EXCEPTIONS. Subsection (1) does not apply to a person who uses the name, logo, or symbol of a credit union in any of the following circumstances:

(a) With the consent of the credit union.

(b) If the person is the credit union, an affiliate of the credit union, or an agent of the credit union.

History: 2003 a. 262.

186.06 Membership meetings, fiscal year. (1) MANNER OF MEETING. The annual meeting and any special meeting of the members of a credit union shall be held in the manner provided by the bylaws.

(1m) VOTING. At a meeting, each member shall have one vote irrespective of the member's share total. Except as provided in sub. (2), a member may not vote by proxy.

(2) REPRESENTATION. An organization, association or corporation member of a credit union may be represented by and have its vote cast by an authorized representative of its members or owners.

(2m) VOTING ELIGIBILITY. The bylaws shall prescribe the terms by which a member is eligible to vote at a meeting.

(3) MEETING ISSUES. (a) At any meeting, if the notice so indicates, a majority of the members present may direct the board of directors to do any of the following:

1. Consider implementing any policy proposed by the members.

2. Reconsider any decision of the directors, officers or committees.

(b) At any meeting, if the notice so indicates, the members may, by a three−fourths vote of the members present, do any of the following:

1. Remove any member of the board of directors.

2. Amend the bylaws.

(4) FISCAL YEAR. The fiscal year of every credit union shall end at the close of business on December 31.

History: 1971 c. 193; 1973 c. 255; 1979 c. 282; 1981 c. 156; 1983 a. 369; 1995 a. 151; 2003 a. 63.

186.07 Board of directors. (1) DIRECTORS. At the first meeting of the members, the members shall elect a board of directors, consisting of an odd number of directors. A board of directors shall consist of at least 5 directors. Subsequent elections for board members shall be held at the annual membership meeting held in a manner prescribed in the bylaws.

(1m) APPOINTMENTS. (a) The board of directors shall appoint a president of the credit union. The board may also appoint any committee that the board considers to be necessary.

(b) The president shall appoint any employee officer.

(2) TERMS. A director shall hold office until any of the following occurs:

(a) A successor is elected or appointed and the successor signs an oath of office.

(b) The director is removed under sub. (5) or dies.

(3) MEETING PARTICIPATION. (a) Unless the articles of incorporation or bylaws provide otherwise, the board of directors may permit any or all directors to participate in a regular or special meeting or in a committee meeting of the board of directors, including a meeting of the executive committee, in any manner described in par. (b). Unless the articles of incorporation, bylaws or board of directors provide otherwise, the credit committee may permit any or all members of the committee to participate in a credit committee meeting in any manner described in par. (b).

(b) If authorized under par. (a), the directors or credit committee members may participate in a meeting by, or conduct a meeting through the use of, any means of communication by which any of the following occurs:

1. All participating directors or members may simultaneously hear each other during the meeting.

2. All communication during the meeting is immediately transmitted to each participating director or member, and each participating director or member is able to immediately send messages to all other participating directors or members.

(c) If a meeting will be conducted through the use of any means described in par. (b), all participating directors or credit committee members shall be informed that a meeting is taking place at which official business may be transacted. A director or member participating in a meeting by any means described in par. (b) is deemed to be present in person at the meeting. If requested by a director or member, minutes of the meeting shall be prepared and distributed to each director or member.

(3m) WRITTEN CONSENT IN LIEU OF MEETING. (a) Unless the articles of incorporation or bylaws provide otherwise, any action required or permitted by this chapter to be authorized at a board of directors' meeting may be authorized without a meeting if that action is authorized by all directors and is evidenced by one or more written statements, signed by each director, describing and consenting to the action. Such an action has the same effect as an action authorized by unanimous vote at a meeting at which all directors are present and may be described as such in any document.

(b) Any action authorized under par. (a) is effective when the last director signs the statement evidencing his or her consent, unless the statement specifies a different effective date.

(c) A credit union shall retain all statements signed by its directors under par. (a).

(4) DIRECTOR ELIGIBILITY. Eligibility for election to the board of directors shall be prescribed in the bylaws.

(5) DIRECTOR REMOVAL. The board of directors shall remove a director from the board if any of the following applies:

(a) The director withdraws from membership in the credit union.

(b) The director causes a loss to the credit union because of a delinquency or a known conflict of interest.

(c) The director is unable to be bonded in accordance with the standards set by the board of directors.

(d) In the judgment of the board of directors, removal of the director is in the best interests of the credit union.

(6) REMOVAL NOTICE AND APPEAL. A director who is removed under sub. (5) or s. 186.071 (2) shall be given notice of removal. The removed director may petition the board of directors to recon-

sider its decision. If the board of directors does not reinstate the director, the director may appeal the decision of the board of directors to the office of credit unions. If the office of credit unions determines that the removal of the director was improper, the office of credit unions shall order the reinstatement of the director and, if the board of directors has already appointed a person to fill the vacancy created by the removal of the director, the removal of such person.

(7) VACANCIES. Within 60 days after the date of a removal, the board of directors shall appoint a director to fill the vacancy. The appointee shall serve until a successor is elected at the next annual membership meeting.

History: 1971 c. 193; 1979 c. 282; 1981 c. 156; 1983 a. 369; 1989 a. 308; 1991 a. 16; 1995 a. 151; 1997 a. 152; 2003 a. 63.

186.071 Oath of office. (1) OATH. Every director, officer, committee member and employee shall sign an oath of office. The oath shall require the director, officer, committee member and employee to do all of the following:

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

(b) Keep confidential the records and accounts of the credit union and the deliberations of the board of directors unless state or federal law permits disclosure.

(c) Familiarize themselves with the credit union laws, bylaws, rules and policies.

(d) Avoid initiating or participating in any insider dealings using credit union funds or the credit union's power or authority.

(e) Avoid initiating or participating in any action that may be in that person's personal pecuniary interest.

(2) REMOVAL FOR VIOLATION. If an individual refuses to sign the oath of office or knowingly and willfully violates the oath of office, the board shall remove that individual as a director, officer or committee member or shall direct that the individual be terminated as an employee.

History: 1995 a. 151; 1997 a. 152.

186.08 Officers, management. (1) MANAGEMENT. At its first meeting following the annual membership meeting, the board of directors shall elect from its number a chairperson and one or more vice chairpersons, a secretary of the board and a treasurer of the board. Any 2 or more offices of the board may be held by the same person, except the offices of chairperson and vice chairperson and the offices of chairperson and secretary. The board of directors shall have the general oversight and final decision−making authority over the affairs, funds and records of the credit union, and shall meet as often as may be necessary. The president of the credit union shall be the chief executive officer of the credit union and shall be in active charge of managing the credit union's day−to−day operations.

(1m) BOARD DUTIES. The board's duties include all of the following:

(a) Acting on all applications for membership, unless the board delegates that responsibility.

(b) Expelling members for cause.

(c) Setting the type and amount of bond required for directors, officers and employees.

(d) Filling vacancies on the board of directors.

(e) Establishing rates of interest on all loans or authorizing an officer or committee of the credit union to establish interest rates on loans.

(f) Establishing conditions applicable to deposit accounts.

(g) Establishing rates of interest on all deposit accounts or authorizing an officer or committee of the credit union to establish interest rates on deposit accounts.

(3) EXECUTIVE COMMITTEE, MEETINGS. The board of directors may appoint an executive committee consisting of at least 3 directors. If an executive committee is appointed, the executive committee shall meet as often as necessary, and the full board of directors shall meet at least quarterly. The board of directors may delegate all or any part of its authority to an executive committee, subject to any conditions or limitations the board may impose.

History: 1971 c. 193 ss. 18, 19, 42 (3); 1975 c. 345; 1977 c. 152; 1981 c. 156; 1983 a. 369; 1993 a. 184; 1995 a. 151; 1997 a. 152.

186.082 Definitions applicable to indemnification and insurance provisions. In ss. 186.082 to 186.091:

(1) "Credit union" means any of the following:

(a) A cooperative, nonprofit corporation incorporated under s. 186.02 and any domestic or foreign predecessor of that corporation where the predecessor's existence ceased upon the consummation of a merger or other transaction.

(b) The Wisconsin credit union savings insurance corporation organized under s. 186.35, 2003 stats.

(2) "Director or officer" means any of the following:

(a) A natural person who is or was a director or officer of a credit union.

(b) A natural person who, while a director or officer of a credit union, is or was serving at the credit union's request as a director, officer, partner, trustee, member of any governing or decision−making committee, manager, employee or agent of another credit union or foreign credit union, corporation, limited liability company, partnership, joint venture, trust or other enterprise.

(c) A natural person who, while a director or officer of a credit union, is or was serving an employee benefit plan because his or her duties to the credit union also imposed duties on, or otherwise involved services by, the person to the plan or to participants in or beneficiaries of the plan.

(d) Unless the context requires otherwise, the estate or personal representative of a director or officer.

(e) A natural person who is or was a member of a credit union's credit committee.

(f) A natural person who was a trustee of the Wisconsin credit union savings insurance corporation organized under s. 186.35, 2003 stats.

(3) "Expenses" include fees, costs, charges, disbursements, attorney fees and any other expenses incurred in connection with a proceeding.

(4) "Liability" includes the obligation to pay a judgment, settlement, forfeiture, or fine, including any excise tax assessed with respect to an employee benefit plan, plus costs, fees, and surcharges imposed under ch. 814, and reasonable expenses.

(5) "Party" means a natural person who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

(6) "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of the credit union or by any other person.

History: 1987 a. 13; 1993 a. 112; 2003 a. 139; 2005 a. 134.

186.083 Mandatory indemnification. (1) INDEMNIFICATION REQUIRED. A credit union shall indemnify a director or officer, to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the director or officer was a party because he or she is a director or officer of the credit union.

(2) EXCEPTIONS. (a) In cases not included under sub. (1), a credit union shall indemnify a director or officer against liability incurred by the director or officer in a proceeding to which the director or officer was a party because he or she is a director or officer of the credit union, unless liability was incurred because the director or officer breached or failed to perform a duty he or

she owes to the credit union and the breach or failure to perform constitutes any of the following:

1. A willful failure to deal fairly with the credit union or its members in connection with a matter in which the director or officer has a material conflict of interest.

2. A violation of criminal law, unless the director or officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful.

3. A transaction from which the director or officer derived an improper personal profit.

4. Willful misconduct.

(b) Determination of whether indemnification is required under this subsection shall be made under s. 186.084.

(c) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the director or officer is not required under this subsection.

(3) WRITTEN REQUESTS. A director or officer who seeks indemnification under this section shall make a written request to the credit union.

(4) INDEMNIFICATION NOT REQUIRED. (a) Indemnification under this section is not required to the extent limited by the articles of incorporation under s. 186.086.

(b) Indemnification under this section is not required if the director or officer has previously received indemnification or allowance of expenses from any person, including the credit union, in connection with the same proceeding.

History: 1987 a. 13; 1995 a. 151.

Cooperative indemnification. La Rowe and Weine. WBB Sept. 1988.

186.084 Determination of right to indemnification. Unless otherwise provided by the articles of incorporation or bylaws or by written agreement between the director or officer and the credit union, the director or officer seeking indemnification under s. 186.083 (2) shall select one of the following means for determining his or her right to indemnification:

(1) By majority vote of a quorum of the board of directors consisting of directors not at the time parties to the same or related proceedings. If a quorum of disinterested directors cannot be obtained, by majority vote of a committee duly appointed by the board of directors and consisting solely of 2 or more directors not at the time parties to the same or related proceedings. Directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

(2) By independent legal counsel selected by a quorum of the board of directors or its committee in the manner prescribed in sub. (1) or, if unable to obtain such a quorum or committee, by a majority vote of the full board of directors, including directors who are parties to the same or related proceedings.

(3) By a panel of 3 arbitrators consisting of one arbitrator selected by those directors entitled under sub. (2) to select independent legal counsel, one arbitrator selected by the director or officer seeking indemnification and one arbitrator selected by the 2 arbitrators previously selected.

(4) By an affirmative vote of a majority of members present at an annual meeting or special meeting called for that purpose. Voting rights owned by, or voted under the control of, persons who are at the time parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not be voted in making the determination.

(5) By a court under s. 186.088.

(6) By any other method provided for in any additional right to indemnification permitted under s. 186.087.

History: 1987 a. 13.

186.085 Allowance of expenses as incurred. Upon written request by a director or officer who is a party to a proceeding, a credit union may pay or reimburse his or her reasonable expenses as incurred if the director or officer provides the credit union with all of the following:

(1) A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the credit union.

(2) A written undertaking, executed personally or on his or her behalf, to repay the allowance and, if required by the credit union, to pay reasonable interest on the allowance to the extent that it is ultimately determined under s. 186.084 that indemnification under s. 186.083 (2) is not required and that indemnification is not ordered by a court under s. 186.088 (2) (b). The undertaking under this subsection shall be an unlimited general obligation of the director or officer and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

History: 1987 a. 13.

186.086 Credit union may limit indemnification. (1) LIMITATIONS. A credit union's obligations to indemnify under s. 186.083 may be limited as follows:

(a) If the credit union is incorporated on or after June 13, 1987, by the articles of incorporation, including any amendments to the articles of incorporation.

(b) If the credit union was incorporated before June 13, 1987, by an amendment to the articles of incorporation which becomes effective on or after June 13, 1987, as provided under s. 186.35 (1), 2003 stats., or s. 186.02 (4) (a).

(2) LIMITATION APPLICABILITY. A limitation under sub. (1) applies if the first alleged act of a director or officer for which indemnification is sought occurred while the limitation was in effect.

History: 1987 a. 13; 1995 a. 151; 2005 a. 134.

186.087 Additional rights to indemnification and allowance of expenses. (1) ADDITIONAL RIGHTS. Except as provided in sub. (2), ss. 186.083 and 186.085 do not preclude any additional right to indemnification or allowance of expenses that a director or officer may have under any of the following:

(a) The articles of incorporation or bylaws.

(b) A written agreement between the director or officer and the credit union.

(c) A resolution of the board of directors.

(d) A resolution, after notice, adopted by a majority vote of members present at an annual meeting or special meeting called for that purpose.

(2) ALLOWANCE EXPENSES. Regardless of the existence of an additional right under sub. (1), the credit union may not indemnify a director or officer, or permit a director or officer to retain any allowance of expenses unless it is determined by or on behalf of the credit union that the director or officer did not breach or fail to perform a duty he or she owes to the credit union which constitutes conduct under s. 186.083 (2) (a) 1., 2., 3. or 4. A director or officer who is a party to the same or related proceeding for which indemnification or an allowance of expenses is sought may not participate in a determination under this subsection.

(3) OTHER EXPENSES. Sections 186.082 to 186.091 do not affect a credit union's power to pay or reimburse expenses incurred by a director or officer in any of the following circumstances:

(a) As a witness in a proceeding to which he or she is not a party.

(b) As a plaintiff or petitioner in a proceeding because he or she is or was an employee, agent, director or officer of the credit union.

History: 1987 a. 13; 1995 a. 151.

186.088 Court−ordered indemnification. (1) APPLICATION. Except as provided otherwise by written agreement between the director or officer and the credit union, a director or officer who is a party to a proceeding may apply for indemnification to

the court conducting the proceeding or to another court of competent jurisdiction. Application shall be made for an initial determination by the court under s. 186.084 (5) or for review by the court of an adverse determination under s. 186.084 (1), (2), (3), (4) or (6). After receipt of an application, the court shall give any notice it considers necessary.

(2) CONDITIONS. The court shall order indemnification if it determines any of the following:

(a) That the director or officer is entitled to indemnification under s. 186.083 (1) or (2). If the court also determines that the credit union unreasonably refused the director's or officer's request for indemnification, the court shall order the credit union to pay the director's or officer's reasonable expenses incurred to obtain the court−ordered indemnification.

(b) That the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, regardless of whether indemnification is required under s. 186.083 (2).

History: 1987 a. 13; 1995 a. 151.

186.089 Indemnification and allowance of expenses of employees and agents. A credit union may indemnify and allow reasonable expenses of an employee or agent who is not a director or officer to the extent provided by the articles of incorporation or bylaws, by general or specific action of the board of directors or by contract.

History: 1987 a. 13.

186.091 Insurance. A credit union may purchase and maintain insurance on behalf of an individual who is an employee, agent, director or officer of the credit union against liability asserted against and incurred by the individual in his or her capacity as an employee, agent, director or officer, or arising from his or her status as an employee, agent, director or officer, regardless of whether the credit union is required or authorized to indemnify or allow expenses to the individual against the same liability under ss. 186.083, 186.085, 186.087 and 186.089.

History: 1987 a. 13.

186.093 Definitions applicable to liability−related provisions. In ss. 186.093 to 186.096:

(1) "Credit union" means a cooperative, nonprofit corporation incorporated under s. 186.02 and the Wisconsin credit union savings insurance corporation organized under s. 186.35, 2003 stats.

(2) "Director or officer" means a natural person who serves as a director or officer of a credit union, a member of a credit union's credit committee, or a natural person who was a trustee of the Wisconsin credit union savings insurance corporation organized under s. 186.35, 2003 stats.

History: 1987 a. 13; 2005 a. 134.

186.094 Reliance by directors or officers. Unless the director or officer has knowledge that makes reliance unwarranted, a director or officer, in discharging his or her duties to the credit union, may rely on information, opinions, reports or statements, any of which may be written or oral, formal or informal, including financial statements and other financial data, if prepared or presented by any of the following:

(1) An officer or employee of the credit union whom the director or officer believes in good faith to be reliable and competent in the matters presented.

(2) Legal counsel, certified public accountants licensed or certified under ch. 442, or other persons as to matters the director or officer believes in good faith are within the person's professional or expert competence.

(3) In the case of reliance by a director, a committee of the board of directors of which the director is not a member if the director believes in good faith that the committee merits confidence.

History: 1987 a. 13; 2001 a. 16.

186.095 Consideration of interests in addition to members' interests. In discharging his or her duties to the credit union and in determining what he or she believes to be in the best interests of the credit union, a director or officer may, in addition to considering the effects of any action on members, consider the following:

(1) The effects of the action on employees, suppliers, members of the credit union and the public.

(2) The effects of the action on communities in which the credit union operates.

(3) Any other factors the director or officer considers pertinent.

History: 1987 a. 13; 1995 a. 151.

186.096 Limited liability of directors and officers. (1) LIMITED LIABILITY. Except as provided in subs. (2) and (3), a director or officer is not liable to the credit union, its members or creditors, or any person asserting rights on behalf of the credit union, its members or creditors, or any other person, for damages, settlements, fees, fines, penalties or other monetary liabilities arising from a breach of, or failure to perform, any duty resulting solely from his or her status as a director or officer, unless the person asserting liability proves that the breach or failure to perform constitutes any of the following:

(a) A willful failure to deal fairly with the credit union or its members in connection with a matter in which the director or officer has a material conflict of interest.

(b) A violation of criminal law, unless the director or officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful.

(c) A transaction from which the director or officer derived an improper personal profit.

(d) Willful misconduct.

(2) EXCEPTIONS. Except as provided in sub. (3), this section does not apply to any of the following:

(a) A proceeding brought against a director or officer under s. 186.235 (8), (10) or (11) (b) 1.

(b) A civil or criminal proceeding, other than a proceeding described in par. (a), brought by or on behalf of any governmental unit, authority or agency.

(c) A proceeding brought by any person for a violation of state or federal law where the proceeding is brought pursuant to an express private right of action created by state or federal statute.

(3) APPLICABILITY TO GOVERNMENTS. Subsection (2) (b) and (c) does not apply to a proceeding brought by a governmental unit, authority or agency in its capacity as a private party or contractor.

History: 1987 a. 13; 1995 a. 151.

Cooperative indemnification. La Rowe and Weine. WBB Sept. 1988.

186.098 Loans. (1) LOAN APPROVAL. The credit union may make loans to members upon terms approved by the credit committee, loan officer or board of directors.

(2) APPEALS. A loan applicant may appeal in writing the decision of the credit committee or a loan officer to the president and may appeal in writing the president's decision to the board of directors.

(3) LOAN APPLICATIONS. Every application for a loan shall be documented and acknowledged by the member and shall state the security or collateral offered, if any.

(4) BOARD APPROVAL. The board of directors or its designee shall act on the applications of credit committee members and loan officers.

(5) LIMITS. No loans shall be made to any member in excess of 10% of the credit union's assets, plus the balance of the member's share account pledged as security for the loan. This subsection shall not apply to loans made to member credit unions by a corporate central credit union.

(6) POLICIES. The board of directors shall determine policy regarding all of the following:

(a) Collateral acceptable for secured loans.

(b) Loan limits.

(c) Loan approval if a director, officer, credit committee member or employee provides security as a comaker, guarantor, endorser or other form of surety.

(7) SURETY REPAYMENT EVIDENCE. An endorser, comaker, guarantor or other surety shall provide the credit union with evidence of ability to repay the obligation of the member.

(8) CREDIT EXTENSIONS. (a) The credit committee or a loan officer may approve, upon its own motion or upon application by a member, an extension of credit, and loans may be granted to the member within the limit of the extension of credit. The credit committee or loan officers shall review all extensions of credit in accordance with written policies adopted by the board of directors.

(b) A credit union may utilize credit cards, including point−of−purchase credit, if the credit committee or loan officer, upon its or his or her own motion or upon application by a member, has predetermined the extent of credit extension.

(9m) PARTICIPATION LOANS. Subject to rules prescribed by the office of credit unions, a credit union may participate with other lenders in a loan of any type that the credit union may otherwise make.

(10) LOANS TO MEMBERS SECURED BY MORTGAGES. Loans to members secured by mortgages on real estate may be made subject to the rules prescribed by the office of credit unions. Such loans may provide for additional advances, but any additional advance made to a member, if the mortgage and mortgage note so provide, may not exceed an amount specified in the mortgage.

(11) GUARANTEED LOANS. A credit union may make loans to members that are guaranteed or insured by the federal government, any state or any federal or state agency. Loans under this subsection may be made under the conditions required for the insurance or guarantee.

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

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

(b) The credit union may waive its rights to a lien, to immediate setoff or to restrict withdrawals or to any combination of these rights for any share deposit or deposit account.

History: 1971 c. 193 ss. 20, 42 (1); 1971 c. 239, 307; 1973 c. 255; 1975 c. 345; 1979 c. 282; 1981 c. 156; 1983 a. 368, 369, 538; 1987 a. 13 s. 26f; Stats. 1987 s. 186.098; 1989 a. 103; 1993 a. 482; 1995 a. 27; 1995 a. 151 ss. 94 to 112, 301; 1997 a. 35, 152; 1999 a. 9, 83; 2003 a. 33.

Cross−reference: See s. 138.053 for interest adjustment clauses and s. 138.055 for variable rate contracts.

Cross−reference: See also chs. DFI−CU 54, 69, and 70, Wis. adm. code.

186.10 Minors' rights; shares in trust. (1) MINORS' SHARES. Shares may be issued in the name of a minor, and may be withdrawn by such minor or by the minor's agent under subch. I of ch. 705. Minors' eligibility to vote at the meetings of the members is at the discretion of the board of directors.

(2) SHARES IN TRUST. Shares may be issued in trust, subject to any conditions prescribed in the bylaws. Share accounts and deposit accounts may be held by a member in trust for a beneficiary, held by a nonmember in trust for a beneficiary who is a member or held by a nonmember custodian for a member under ss. 54.854 to 54.898.

History: 1971 c. 193; 1973 c. 291; 1983 a. 369; 1989 a. 331; 1991 a. 32; 1995 a. 151; 1997 a. 152; 2005 a. 387.

186.11 Investments. (1) GENERAL. The board of directors may invest credit union funds in any of the following:

(a) United States government direct and agency obligations.

(b) Municipal bonds.

(c) A corporate central credit union organized under s. 186.32 or under any other state or federal law.

(d) Deposits and debt instruments of federally insured banks, credit unions, savings banks and savings and loan associations.

(e) With the approval of the office of credit unions, other investment instruments.

(2) CREDIT UNION PROPERTY. (a) Subject to par. (b), a credit union may purchase, hold and dispose of property as necessary for or incidental to its operations.

(b) The board of directors may purchase, lease or construct a building for the operation of the credit union, if the aggregate depreciated value of the building, including any associated remodeling of the building or land improvements, land acquisition, office furnishings and equipment, does not exceed the greater of 5% of the credit union's total assets, including the building to be acquired, or 100% of the credit union's irrevocable reserve unless prior approval for greater amounts is given by the office of credit unions. Nothing in this subsection authorizes a credit union to lease a building owned by a director or by a corporation, limited liability company, partnership or association controlled by a director. The credit union may rent or lease a portion of its building or property.

(3) COOPERATIVE HOUSING. A credit union may invest an amount not to exceed 10% of its regular reserve in agreements with other corporations or its members to provide cooperative housing and related facilities for its members.

(4) INVESTMENTS IN CREDIT UNION SERVICE ORGANIZATIONS. (a) Unless the office of credit unions approves a higher percentage, a credit union may invest not more than 1.5% of its total assets in the capital shares or obligations of credit union service organizations that, in the opinion of the office of credit unions, are sufficiently bonded and insured and that satisfy all of the following:

1. Are corporations, limited partnerships, limited liability companies, or other entities that are permitted under the laws of this state and that are approved by the office of credit unions.

2. Are organized primarily to provide goods and services to credit unions, credit union organizations and credit union members.

(b) A credit union service organization under par. (a) may provide any of the following services related to the routine daily operations of credit unions:

1. Checking and currency services, check cashing services, money order services, savings bond services, traveler's check services, and services regarding the purchase and sale of U.S. mint commemorative coins.

2. Clerical, professional, and management services, including, but not limited to, accounting, courier, credit analysis, facsimile transmission and copying, internal credit union audit, locator, management and personnel training and support, marketing, research, and supervisory committee audit services.

3. Consumer mortgage loan origination services.

4. Electronic transaction services, including, but not limited to, remote terminal, credit and debit card, data processing, electronic fund transfer, electronic income tax filing, payment item processing, wire transfer, and Internet financial services.

5. Tax preparation services, services regarding the development and administration of individual retirement accounts, Keogh plans, deferred compensation plans, and other personnel benefit plans, and financial counseling services, including, but not limited to, estate planning.

6. Fixed asset services, including, but not limited to, the management, development, sale, or lease of fixed assets and the sale, lease, or servicing of computer hardware or software.

7. Insurance brokerage or agency services, including, but not limited to, providing vehicle warranty programs, providing group insurance purchasing programs, and acting as an agent for the sale of insurance.

8. Services with regard to the leasing of real property owned by the credit union service organization or personal property.

9. Loan support services, including, but not limited to, debt collection and loan processing, servicing, and sales services and services regarding the sale of repossessed collateral.

10. Record retention, security, and disaster recovery services, including, but not limited to, alarm monitoring, data storage and retrieval, and record storage services and providing forms and supplies.

11. Securities brokerage services.

12. Shared credit union branch operations.

13. Student loan origination services.

14. Travel agency services.

15. Trust and other fiduciary services, including, but not limited to, acting as an administrator for prepaid legal services plans or acting as a trustee, guardian, conservator, estate administrator, or in any other fiduciary capacity.

16. Real estate brokerage services.

(bd) The office of credit unions may expand the list of services under par. (b) that are related to the routine daily operations of credit unions. Any service approved under this paragraph shall be authorized for all credit union service organizations under par. (a). A credit union may file a written request with the office of credit unions to exercise its authority under this paragraph and may include, along with the request, a description of any proposed service and an explanation of how that service is related to the routine daily operations of credit unions. Within 60 days after receiving a request under this paragraph, the office of credit unions shall approve or disapprove the request.

(bh) A credit union service organization under par. (a) may provide any service described under par. (b) or approved under par. (bd) through an investment by the credit union service organization in a 3rd−party service provider. The amount that a credit union service organization may invest in a 3rd−party service provider under this paragraph may not exceed the amount necessary to obtain the applicable services, or a greater amount if necessary for the credit union service organization to obtain the services at a reduced cost.

(c) A credit union service organization may be subject to audit by the office of credit unions.

History: 1971 c. 193; 1979 c. 77; 1983 a. 369; 1991 a. 221; 1993 a. 112; 1995 a. 27; 1995 a. 151 ss. 115 to 121, 307; 1997 a. 35; 2003 a. 63; 2005 a. 253.

Cross−reference: See also chs. DFI−CU 59, 65, and 68, Wis. adm. code.

A credit union may invest in a credit union service corporation that sells insurance to the general public so long as the corporation was organized to primarily serve credit unions and their members. 78 Atty. Gen. 96.

186.112 Credit union borrowing. The board of directors may borrow money from any source if the amount borrowed does not exceed 30% of the credit union's total savings, deposits and reserves. Credit union borrowing may exceed 30% if the office of credit unions approves.

History: 1971 c. 193 ss. 23, 42 (1); 1979 c. 34, 282; 1981 c. 156; 1983 a. 369; 1995 a. 27, 151.

186.113 Credit union powers. A credit union may:

(1) BRANCH OFFICES. With the approval of the office of credit unions, establish branch offices inside or outside of this state. Permanent records may be maintained at branch offices established under this subsection. In this subsection, the term "branch office" does not include a remote terminal, a limited services office, or a service center.

(1s) SERVICE CENTERS. Upon notice to the office of credit unions, establish and maintain service centers that are reasonably necessary to furnish services to members. A credit union may operate a shared service center with one or more credit unions and may participate in a shared service center network that is operated from inside or outside of this state. This subsection does not prohibit a credit union from referring to a service center as a branch office. A service center shall be under the supervision of the office of credit unions.

(2) CREDIT UNION CENTER CORPORATION. With other credit unions, organize a credit union center corporation that provides facilities, equipment and personnel. A credit union center corporation shall be under the supervision of the office of credit unions.

(3) FINANCIAL COUNSELING. Provide nonprofit financial counseling.

(4) FEES. Charge for perfection of security interests and investigations of borrowers.

(5) THIRD−PARTY CHECKS. Issue 3rd−party checks from an account of a member upon request of the member.

(6) TRUST SERVICES. (a) Contract with a trust organization authorized to do business in this state to provide trust services to the credit union's members.

(b) Act as trustees or custodians of member tax deferred retirement funds, individual retirement accounts, medical savings accounts, or other employee benefit accounts or funds permitted by federal law to be deposited in a credit union.

(c) Act as a depository for member qualified and nonqualified deferred compensation funds as permitted by federal law.

(7) CONDITIONAL SALES CONTRACTS. Purchase or acquire conditional sales contracts or similar instruments executed by credit union members.

Cross−reference: See also ch. DFI−CU 61, Wis. adm. code.

(8) DONATIONS. Make donations and grants, the total of which may not exceed 1.0 percent of regular reserves within a given year, if the board of directors approves any such donation or grant and the approval is based on a determination that the donation or grant is in the best interest of the credit union and is reasonable given the size and financial condition of the credit union.

(9) FINANCIAL SERVICES. Collect, receive and disburse moneys in connection with the sale or provision of share drafts, travelers checks, money orders, credit cards, debit cards or, with the approval of the office of credit unions, similar instruments.

(10) ADDITIONAL POWERS. Exercise all powers necessary and proper to carry out the purposes of the credit union.

(11) ACCOUNTS. (a) Offer deposit accounts to members.

(b) Offer deposit accounts to any person if the credit union satisfies the requirements specified in 12 CFR 701.34 (a) for designation as a low−income credit union and files a statement with the office of credit unions agreeing to be bound by requirements and conditions that are substantially identical to those imposed by the national board and the national credit union administration on federal credit unions designated under 12 CFR 701.34 (a).

(12) ELECTIONS. Conduct annual board of director elections in the manner provided by the bylaws.

(13) MULTIPARTY ACCOUNTS. Issue multiple accounts in joint tenancy with any person designated by the member. The person first named on the account shall be a member of the credit union. A nonmember named in the joint account shall not acquire the right to vote, obtain loans or hold office because of the nonmember's inclusion in the joint account.

(14) GOVERNMENT LOANS. (a) Process applications, act as closing agent and service loans made under s. 45.37, with the approval of the department of veterans affairs.

(b) Make loans to members that are guaranteed by this state or by the federal government, with the approval of the appropriate state or federal administering agency.

(14m) SAFE DEPOSIT BOXES. (a) Rent safe deposit receptacles upon its premises for an agreed upon fee. A credit union may store for safekeeping valuable or personal property of any member or of any person who is eligible to be a member. The credit union shall have a lien for its charges on any property received by it for safekeeping.

(b) Sell any property subject to a lien under par. (a) at public auction in accordance with procedures under ch. 815. A credit union may retain from the proceeds of the sale all lien fees and charges due including reasonable expenses of the sale. A credit union shall pay the remaining balance to the person depositing the property or to the legal representatives or assigns.

(15) AUTOMATED TELLER MACHINES. (a) Directly or indirectly, acquire, place and operate, or participate in the acquisition, placement and operation of, at locations other than its offices, remote terminals, in accordance with rules established by the office of credit unions. The rules shall provide that any remote terminal shall be available for use, on a nondiscriminatory basis, by any state or federal credit union which has its principal place of business in this state, by any other credit union obtaining the consent of a state or federal credit union which has its principal place of business in this state and is using the terminal and by all members designated by a credit union using the terminal. This subsection does not authorize a credit union which has its principal place of business outside the state to conduct business as a credit union in this state. The remote terminals also shall be available for use, on a nondiscriminatory basis, by any state or national bank, state or federal savings bank or state or federal savings and loan association, whose home office is located in this state, if the bank, savings bank or savings and loan association requests to share its use, subject to the joint rules established under s. 221.0303 (2). The office of credit unions by order may authorize the installation and operation of a remote terminal in a mobile facility, after notice and hearing upon the proposed service stops of the mobile facility.

(b) In this subsection, "remote terminal" means a terminal or other facility or installation, attended or unattended, which is not located at the principal office or at a subsidiary office of a credit union and through which members and credit unions may engage, by means of either the direct transmission of electronic impulses to and from a credit union or the recording of electronic impulses or other indicia of a transaction for delayed transmission to a credit union, in transactions which are incidental to the conduct of the business of a credit union and which are otherwise permitted by law. "Remote terminal" also includes all equipment, regardless of location, which is interconnected with a remote terminal and which is necessary to transmit, route and process electronic impulses in order to enable the remote terminal to perform any function for which it is designed.

(c) If any person primarily engaged in the retail sale of goods or services owns or operates a remote terminal on such person's premises and allows access to the unit by any financial institution, group of financial institutions or their customers, nothing in this subsection or in rules established by the office of credit unions shall, or shall be construed or interpreted to, require such person to accept any connection to or use of the unit on its premises for any other purpose or function or to accept any connection to the unit on its premises by any other financial institution.

(d) If a person primarily engaged in the retail sale of goods or services owns or operates a remote terminal on such person's premises and allows access to the unit by any financial institution, group of financial institutions or their customers for any purpose or function, no laws governing such institutions or rules established by the office of credit unions shall apply to such person other than those laws or rules directly related to the particular function performed by the unit on such person's premises for a financial institution.

(e) Information transmitted from a remote terminal, either identified as to particular transactions or aggregate information, shall only be used for purposes of effecting the financial transactions for which such information was received, for any other purpose lawfully authorized by contract, or for any other purpose permitted by statute and rules pertaining to the dissemination and disclosure of such information.

Cross−reference: See also s. DFI−CU 63.01, Wis. adm. code.

(16) DORMANT ACCOUNTS. Subject to ch. 177, establish a policy, including a fee schedule, for disposing of dormant accounts.

(17) CONTRACTS. Make contracts necessary and proper to meet its purpose and to conduct its business.

(18) LEGAL ACTIONS. To sue and be sued, and to appear and defend in all actions and proceedings under its corporate name.

(19) CLIENT FUND ACCOUNTS. Maintain real estate broker trust accounts under s. 452.13 for brokers who are eligible for membership in the credit union, attorney trust accounts under s. 757.293 for attorneys who are eligible for membership in the credit union and collection agency trust accounts under s. 218.04 (9g) for persons who are eligible for membership in the credit union.

(20) PUBLIC DEPOSITORY. Act as a depository of state and local public funds.

(21) FEDERAL DEPOSITORY. On request of the federal secretary of the treasury, act as federal depository, fiscal agent or both of the federal government. A credit union may perform such services as the federal secretary of the treasury may authorize in connection with the collection of taxes and other obligations due the federal government and the lending, borrowing and repayment of money by the federal government, including the issue, sale, redemption or repurchase of bonds, notes, treasury certificates of indebtedness, or other obligations of the federal government.

(22) COMMUNITY CURRENCY EXCHANGE AND SELLER OF CHECKS. Engage in the business and functions provided for in s. 218.05 and ch. 217 upon receiving a certificate of authority from the office of credit unions. An applicant shall meet the same requirements as other applicants under ch. 217, but no investigation fee may be charged of credit union applicants. The office of credit unions may revoke a certificate of authority following a hearing held upon 10 days' notice to the credit union for any reason which would have justified the rejection of an application or on the ground that the continued operation of the business threatens the solvency of the credit union.

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

(24) FUNERAL TRUSTS. Accept deposits made by members for the purpose of funding burial agreements by trusts created pursuant to s. 445.125.

(25) SALE OF INSURANCE PRODUCTS. Sell insurance, annuities, and related products.

History: 1971 c. 193; 1973 c. 12 s. 20; 1973 c. 208; 1973 c. 255 ss. 2, 3, 5; 1973 c. 336 s. 56; 1975 c. 345; 1977 c. 136, 342, 447; 1979 c. 121, 282; 1981 c. 5, 156, 319, 391; 1983 a. 368, 369; 1987 a. 403 s. 256; 1991 a. 221, 269; 1993 a. 112, 482; 1995 a. 27, 55, 151, 336; 1997 a. 35, 152; 2003 a. 63; 2005 a. 22, 131, 253; 2011 a. 205.

Section 186.235 (19) authorizes the office of credit unions to control and supervise credit unions incorporated in other states, including whether and where a foreign credit union may operate a branch office in this state. It was not unreasonable to impose on a foreign credit union the analogous geographical limitations that this section imposes on state credit union branches located outside of the state. Heritage Credit Union v. Office of Credit Unions, 2001 WI App 213, 247 Wis. 2d 589, 634 N.W.2d 593, 00−3162.

Under sub. (7), a credit union is not obliged to secure a sales finance company license to purchase installment contracts of its members, nor is an auto dealer subject to a penalty if it sells such a contract to a credit union. 61 Atty. Gen. 439.

186.115 Additional credit union authority. (1) SCOPE OF AUTHORITY. Subject to any regulatory approval required by law and subject to sub. (2), a credit union directly or through a subsidiary, may undertake any activity, exercise any power or offer any financially related product or service in this state that any other provider of financial products or services may undertake, exercise or provide or that the office of credit unions finds to be financially related.

(2) RULES. The activities, powers, products and services that may be undertaken, exercised or offered by credit unions under sub. (1) are limited to those specified by rule of the office of credit unions. The office of credit unions may direct any credit union to cease any activity, the exercise of any power or the offering of any product or service authorized by rule. Among the factors that the office of credit unions may consider in so directing a credit union are the credit union's net worth, assets, management rating and liquidity ratio and its ratio of net worth to assets.

(3) INSURANCE UNDERWRITING NOT AUTHORIZED. This section does not authorize a credit union, directly or through a subsidiary, to engage in the business of underwriting insurance.

History: 1985 a. 325; 1995 a. 27, 151.
Cross−reference: See also DFI−CU, Wis. adm. code.

186.116 Financially related services tie−ins. In any transaction conducted by a credit union or a subsidiary of a credit union with a customer who is also a customer of any other subsidiary of the credit union, the customer shall be given a notice in 12−point boldface type in substantially the following form:

NOTICE OF RELATIONSHIP

This company, ... (insert name and address of credit union or subsidiary), is related to .... (insert name and address of credit union or subsidiary) of which you are also a customer. You may not be compelled to buy any product or service from either of the above companies or any other related company in order to participate in this transaction.

If you feel that you have been compelled to buy any product or service from either of the above companies or any other related company in order to participate in this transaction, you should contact the management of either of the above companies at either of the above addresses or the office of credit unions at .... (insert address).

History: 1985 a. 325; 1995 a. 27, 151.

186.12 Compensation of officers, operation expenses. (1) BOARD MEMBERS. No member of the board of directors may receive any compensation for services as a member of the board other than reasonable health, accident and similar insurance.

(3) EXPENDITURES. The officers elected by the board of directors, the members of the credit committee and loan officers may receive such compensation as the board authorizes, but the expenditures of the credit union for all purposes shall be paid from its earnings.

History: 1971 c. 193; 1983 a. 369; 1995 a. 151; 1997 a. 152.

186.13 Expulsion. If the board of directors adopts a written policy, a credit union may expel a member if the member neglects or refuses to comply with this chapter or the credit union bylaws or if the board has other just cause. The credit union shall provide notice to the member in writing of the reason for expulsion. The notice shall include a description of the member's right to a hearing and the time period for the member to request a hearing. If a member requests a hearing in writing within 45 days of receipt of the expulsion notice, the board shall give the member an opportunity to be heard on the expulsion within 90 days after the date of the expulsion notice.

History: 1971 c. 193; 1981 c. 156; 1995 a. 151; 1997 a. 152.

186.14 Expelled member rights and liabilities. The amounts paid in on shares by members who have withdrawn or have been expelled shall be paid to them, but in the order of withdrawal or expulsion as funds become available and after deducting any amounts due from the members to the credit union. Expulsion or withdrawal shall not relieve a member from any remaining liability to the credit union.

History: 1971 c. 193 s. 42 (3); 1995 a. 151.

186.15 Auditing. (1) ANNUAL AUDIT. Except as provided in sub. (2), the board of directors shall hire a certified public accountant licensed or certified under ch. 442 or other qualified person to conduct a comprehensive annual audit of the records, accounts and affairs of the credit union.

(2) AUDIT COMMITTEE. The board of directors may appoint an auditing committee of one or more capable persons to annually audit the records, accounts and cash of the credit union and to verify member accounts. Verification procedures shall be conducted according to the credit union's bylaws or the rules of the office of credit unions.

(3) INDEPENDENT AUDIT. The office of credit unions may order an independent audit at the credit union's expense if the office of credit unions finds an annual audit to be unsatisfactory.

(4) AUDIT REPORTS. Audit reports under this section shall be submitted to the board of directors and retained as records of the credit union.

History: 1971 c. 193; 1993 a. 482; 1995 a. 151; 2001 a. 16.
Cross−reference: See also ch. DFI−CU 73, Wis. adm. code.

186.16 Dividends. (1) BOARD ESTABLISHES DIVIDENDS. The board of directors shall establish the dividend period. Dividends shall be considered a normal operating expense of the credit union. Rates of dividends and terms of payment may be established and guaranteed in advance by action of the board of directors. The board of directors may classify its accounts and declare dividends which may be at variable rates.

(2) MAXIMUM SET BY OFFICE OF CREDIT UNIONS. The office of credit unions may establish the maximum dividend that a credit union and a corporate central credit union may pay in each classification of its savings.

History: 1971 c. 193; 1979 c. 282; 1981 c. 156; 1995 a. 27, 151.
Cross−reference: See also ch. DFI−CU 60, Wis. adm. code.

186.17 Reserves. (1) REGULAR RESERVES. A credit union shall establish and maintain a regular reserve account and shall transfer amounts to the regular reserve account as required by the national board.

(2) SPECIAL RESERVES. Special reserves may be required by the office of credit unions on an individual credit union basis or for a corporate central credit union.

History: 1971 c. 193; 1975 c. 345; 1995 a. 27, 151; 2003 a. 63.

186.18 Dissolution. Upon a two−thirds recommendation of the board of directors, the members may vote to dissolve the credit union. If a majority of the total membership vote by ballot, in person or by letter or other written communication in favor of dissolution, and if not more than the greater of 15 members or 10% of the total membership, by written notice, vote against dissolution, the credit union shall be dissolved. If both the number of votes in favor of dissolution and the number of votes against dissolution are each less than 25% of the total number of members, the board of directors may, with the permission of the office of credit unions, mail to each member at the member's last−known address a written notice which states that the board's proposal to dissolve the credit union will be approved or disapproved at a special or annual meeting to be held at the time and place specified in the notice. The credit union shall be dissolved only if a majority of the members present at the meeting vote in favor of the board's proposal to dissolve the credit union. If the members vote to dissolve the credit union, a committee of 3 shall be elected by the members to liquidate the assets of the credit union. After assets are liquidated and debts paid, members shall be paid a liquidating dividend in

proportion to their savings from remaining assets. The committee in charge of liquidation may sell or dispose of the assets in whole or in part at a public or private sale subject to confirmation by the board of directors and the office of credit unions.

History: 1971 c. 193; 1981 c. 156; 1995 a. 27, 151.

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

History: 1971 c. 193 s. 42 (1); 1971 c. 307; 1993 a. 482; 1995 a. 27; 1995 a. 151 ss. 180, 302; 1997 a. 152.

186.20 Financial privacy. A credit union shall comply with any applicable requirements under 15 USC 6801 to 6803 and any applicable regulations prescribed by the national credit union administration under 15 USC 6804.

History: 2003 a. 63.

186.21 Credit unions promoted. (1) OFFICE TO COOPERATE. It shall be the duty of the office of credit unions to cooperate with every group of people that is interested in the formation of, or in an affiliation with, a credit union in this state. The office of credit unions may do all things reasonably necessary for the discharge of this duty.

(2) ADVERTISING. The office of credit unions shall use advertising that is suitable and effective to acquaint the people of this state with the agencies and organizations dealing with credit unions.

(3) CONSULTATIONS. The office of credit unions shall offer without charge to any group, either joined in a credit union or considering such an organization, advice and direction on accounting practices and managerial problems.

(4) MATERIALS. The office of credit unions shall provide application forms, model bylaws, and other materials to help in the organization, efficient functioning and expansion of credit unions.

History: 1971 c. 193 s. 42 (2); 1995 a. 27, 151; 2001 a. 107.

186.22 Credit union finance corporation; incorporation; organization certificate. (1) ORGANIZATION. When authorized by the office of credit unions, 10 or more credit unions, the aggregate resources of which shall not be less than $50,000, may form the "Credit Union Finance Corporation". Each of such credit unions shall subscribe, acknowledge and submit to the office of credit unions an organization certificate in duplicate which shall specifically state:

(a) The name "Credit Union Finance Corporation".

(b) The place in the state where its business is to be transacted.

(c) The number of shares for which each credit union has subscribed, which shall amount in the aggregate to not less than $200.

(d) The number of directors of such credit union finance corporation, which shall not be less than 7, and the names of the persons who shall be its directors until the first annual meeting. The certificate shall recite that the directors possess the qualifications specified in sub. (10).

(e) The name and location of the business office of each credit union subscribing the certificate and the aggregate resources of each such credit union.

(2) PROPOSED BYLAWS. The incorporators shall subscribe and acknowledge and submit to the office of credit unions proposed bylaws in duplicate, which shall prescribe the manner in which the business of such credit union finance corporation shall be conducted with reference to the following matters:

(a) The date during the month of February 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 sub. (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 in the board of directors, and the number of directors which shall constitute a quorum, which shall not be less than 4.

(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 credit union finance corporation.

(e) The annual commission that may be charged each member, subject to the limitations of sub. (9).

(f) The transfer of membership, subject to the limitations of sub. (8).

(g) The manner in which the bylaws may be altered or amended.

(3) WHEN CORPORATE EXISTENCE BEGINS; CONDITIONS PRECEDENT TO COMMENCING BUSINESS. When the office of credit unions approves the organization certificate, the corporate existence of the credit union finance corporation shall begin and it shall then have power to elect officers and transact such other business as relates to its organization; but such credit union finance corporation shall transact no other business until:

(a) Subscriptions to its shares aggregating $2,000 shall have been paid in cash and an affidavit stating that such subscriptions have been so paid, subscribed and sworn to by its 2 principal officers, shall have been filed with the department of financial institutions and a certified copy thereof in the office of credit unions.

(b) The office of credit unions shall have duly issued to it an authorization certificate.

(4) GENERAL POWERS. In addition to the powers conferred by the general corporation law the credit union finance corporation shall, subject to the restrictions and limitations contained in this section and its bylaws, have the following powers:

(a) To issue, sell and redeem bonds and notes secured by bonds and first mortgages made to or held by member credit unions.

(b) To receive money or property from its members and from other associations, corporations and persons with whom it has contracts, engagements or undertakings, in installments or otherwise; to enter into any contract engagement or undertaking with such associations, corporations or persons for the withdrawal of such money or property, with any increase thereof, or for the payment to them or to any association, corporation or person of any sum of money, at any time, either fixed or uncertain; to lend money to credit unions upon the security of their promissory notes with or without collateral.

(c) To invest its capital and other funds in bonds and notes of the United States, the state of Wisconsin, and the political subdivisions of this state.

(d) To receive by assignment from its members and to deposit in trust with the office of credit unions to be held by the office as security for its and their outstanding obligations any first mortgages on real estate and the bonds secured thereby and such other securities as are provided for in s. 186.11 and are legally receivable by credit unions; to empower such credit unions as agents of the credit union finance corporation to collect and immediately pay over to the credit union the dues, interest and other sums payable under the terms, conditions and covenants of the bonds and mortgages or, prior to a default upon any such bond and mortgage so assigned and when adequate security has been given to the credit union finance corporation, by any such credit union, to retain such collections until a payment to the credit union finance corporation from such credit union becomes due; to return to, or permit such credit unions to retain any sums of money so collected in excess of the amount required to meet the obligations of such credit unions respectively.

(e) To purchase in its own name, hold and convey real property for the following purposes and no others:

1. A plot whereon there is or may be erected a building suitable for the convenient transaction of its business, from portions of which not required for its own use a revenue may be derived.

2. Such as shall be mortgaged to it in good faith, by way of security for loans made by it or moneys due to it.

3. Such as shall be conveyed to it for debts previously contracted in the course of its business, and such as it shall purchase at sales under judgments, decrees or mortgages held by it.

(f) To designate as depositories of its funds any credit union, bank, trust company, or savings bank of this state, or any national banking association located in this state doing a banking business under the laws of the United States.

(g) With the advice and approval of the office of credit unions, to become a member of or to subscribe for and purchase notes and debentures issued by any federal finance or credit corporation which may be organized by act of congress for aiding and assisting credit unions to utilize their resources and credit, or to borrow from such finance or credit corporation, in either case, in an amount not exceeding in the aggregate amount two−fifths of the assets on hand.

(h) To borrow money from any state investment fund.

(5) RESTRICTIONS UPON THE POWERS OF THE CREDIT UNION FINANCE CORPORATION. The credit union finance corporation shall not:

(a) Do a general deposit business.

(b) Receive from its members bonds and mortgages if the amount secured by any such mortgage is in excess of 60 per centum of the appraised value of such real estate.

(c) Invest more than 25% of its surplus in real estate occupied, or to be occupied, by it for office purposes, without the written approval of the office of credit unions.

(d) Incur any indebtedness upon bonds and notes in excess of 20 times the amount of its capital, nor issue bonds on behalf of any of its members in excess of 20 times the amount of the shares of such capital held by such member or in excess of 80 per centum of the value of the collateral security pledged therefor to such credit union finance corporation.

(6) ISSUING OF BONDS. Bonds shall be issued in series of not less than $10,000. All bonds issued by the credit union finance corporation may be called on any interest day at 102 1/2% and interest by publishing a class 1 notice, under ch. 985, not less than 60 days prior to said day. Any member credit union which is not indebted for borrowed money to any other bank or trust company which does business exclusively with the credit union finance corporation shall submit a schedule of assets from time to time as the board of directors of such finance corporation shall require. Any member credit union which may have a loan from any other banking institution may borrow money from such credit union finance corporation upon pledging therefor such amount of its mortgages with the bonds secured thereby as collateral security for bonds issued on its behalf as the office of credit unions and the board of directors of such credit union finance corporation may require; provided that the aggregate of all loans made by such credit union shall not exceed 40% of its assets as provided in s. 186.11. The amortization payments upon all mortgages accepted by the credit union finance corporation as collateral security for bonds shall be sufficient to liquidate the debt in a period not exceeding 40 years. In the event of any default for more than 90 days in the payment of the principal of, or for more than 90 days in the payment of any installment of interest upon, any of said bonds, the office of credit unions may, on the office's own motion, and shall, upon the request in writing of the holders of said bonds in default to the amount of $10,000, forthwith take possession of and proceed to liquidate the credit union finance corporation. Upon such liquidation it shall be entitled in the name of the credit union finance corporation to enforce all of its rights and securities and to collect and realize upon all of its assets, including all mortgages assigned to said credit union finance corporation by the several member credit unions, and deposited with the state treasurer, up to the amounts advanced by the credit union finance corporation to the several member credit unions thereon. Upon any such liquidation all said bonds then issued and outstanding shall forthwith become due and payable equally and ratably out of all the assets of said credit union finance corporation in advance of any other debts thereof not specifically preferred by law.

(7) GUARANTY FUND. The credit union finance corporation shall accumulate from its net profits a guaranty fund by carrying thereto annually a sum equal to one−half of one per centum of its capital, until such guaranty fund shall be equal to at least 15 per centum of such capital.

(8) MEMBERSHIP; TRANSFER OF SHARES. (a) Every member shall pay $200 for each share of the capital of the credit union finance corporation issued to it, provided that no credit union shall subscribe for or hold shares of such capital to an amount in excess of 10 per centum of the resources of such association.

(b) Such shares shall not be transferable, except that a member, who is not liable to the credit union finance corporation for any obligation, direct or contingent, may transfer its shares therein to another credit union, by and with the consent of the board of directors of the credit union finance corporation; or it may retire from membership and receive back such sums as it has paid for its shares, but no withdrawal shall be permitted by the board of directors, which shall reduce the total amount of the capital of the credit union corporation below $50,000.

(9) COMMISSIONS AND PAYMENT OF EXPENSES. The credit union finance corporation may charge each member an annual commission, not to exceed one−half of one per centum, upon the outstanding debenture bonds issued in its behalf, provided that the rate of commission in any year shall be the same on all outstanding bonds; or in lieu of charging such commission the expenses incurred on account of any debenture bond issued may be charged to the credit union on whose behalf such bonds are issued, and the general expenses of the credit union finance corporation assessed against the members in proportion to the bonds issued for them.

(10) QUALIFICATIONS AND DISQUALIFICATIONS OF DIRECTORS; BOND. All of the directors of the credit union finance corporation must reside in the state of Wisconsin during their term of office, and all must be citizens of the United States. No person shall be elected a director unless the person is a shareholder of a member credit union and has been nominated by it for that office; and every person elected to be a director who, after such election, shall cease to be a shareholder of a member credit union, shall cease to be a director of the credit union finance corporation, and the person's office shall be vacant. Directors who have the custody or possession of money, securities or property shall give bond to the credit union finance corporation in an amount commensurate with their liability, as approved by the office of credit unions.

(11) OATH OF DIRECTORS. Each director, when appointed or elected, shall take an oath that the director will, so far as duty requires, diligently and honestly administer the affairs of the credit union finance corporation, and will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to the corporation, and that the director is the owner, in good faith and on the books of the nominating credit union, of shares in value of not less than $100, or other shares of the withdrawal value of $100, and that the shares are not hypothecated, or in any way pledged as security for any loan or debt and, in case of reelection that the shares were not hypothecated or in any way pledged as security for any loan or debt during the director's previous term. The oath shall be subscribed by the directors and officers making it, and certified by an officer authorized by law to administer oaths, and immediately transmitted to the office of credit unions.

(12) CHANGE OF NUMBER OF DIRECTORS. The members of the credit union finance corporation may at any time change the num-

ber of its directors by amending its bylaws in accordance with the provisions of this section.

(12m) MEETINGS OF DIRECTORS. Section 186.07 (3) and (3m) applies to a credit union finance corporation.

(13) OFFICERS; POWERS; DUTIES AND COMPENSATION. (a) The bylaws of the credit union finance corporation shall specify its officers, the manner of their election, and their terms of office.

(b) The officers who have the custody or possession of money, securities, or property shall give bond to the credit union as provided in the bylaws. They shall receive such compensation as is prescribed in the bylaws and shall hold office until their successors are elected and have qualified.

(14) ANNUAL MEETING; NOTICE; VOTING. The annual meeting of the credit union finance corporation, for the election of directors, shall be held at its principal place of business in February in 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 the credit union finance corporation 15 days before the holding of 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 credit union finance corporation.

(15) PREFERENCE OF CREDIT. All the property of any bank, trust company or credit union which shall become insolvent shall be applied by the trustees, assignees or receivers thereof or by the office of credit unions in the first place to the payment in full of any sum or sums of money deposited therewith by the credit union finance corporation or due to the credit union finance corporation 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 by the provisions of this section and in accordance and on an equality with any other preference provided for in this section.

(16) CREDIT UNION FINANCE CORPORATION AND ITS DEBENTURES NOT LIABLE FOR TAXATION. The debentures issued by the credit union finance corporation and the credit union finance corporation itself, together with its capital, accumulations and funds, shall have the same exemption from taxation as credit unions. No law which taxes corporations in any form, or the shares thereof, or the accumulations therein, shall be deemed to include the credit union finance corporation or its issues of debenture bonds unless they are specifically named in such law.

History: 1971 c. 193 s. 42 (1); 1981 c. 96; 1983 a. 369; 1989 a. 308; 1993 a. 482; 1995 a. 27, 151; 2001 a. 103; 2003 a. 63.

Cross−reference: See also DFI−CU, Wis. adm. code.

186.235 Office of credit unions. (1) SUPERVISION. A credit union shall be under the control and supervision of the office of credit unions.

(2) ENFORCEMENT. The office of credit unions shall enforce this chapter and other laws relating to credit unions.

(3) FULL−TIME DUTIES. The administrator of the office of credit unions shall devote full time to his or her position.

(3m) CONFLICTS OF INTEREST. No employee of the office of credit unions may serve as a director or officer of a credit union or any other organization that is under the supervision of the office of credit unions.

(4) BOND REQUIRED. A person who is appointed to or employed by the office of credit unions shall furnish a surety bond in an amount authorized by the office.

(5) IMMUNITY OF OFFICE OF CREDIT UNIONS. The office of credit unions shall not be subject to any civil liability or penalty, or 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 the office of credit unions in an official capacity.

(7) DISCLOSURE OF INFORMATION. (a) Employees of the office of credit unions and members of the review board shall keep secret all the facts and information obtained in the course of examinations or contained in any report provided by a credit union other than any semiannual or quarterly financial report that is regularly filed with the office of credit unions. This requirement does not apply in any of the following situations:

1. If the public duty of the person requires that person to report upon or take special action regarding the affairs of any credit union.

2. If the person is called as a witness in any criminal proceeding.

(b) Notwithstanding par. (a) and unless otherwise provided by rule, the office of credit unions may do any of the following:

1. Furnish to the national board a copy of any examination made by the office of credit unions of any credit union or of any report made by the credit union.

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

2. Give access to and disclose to the national board any information possessed by the office of credit unions about the conditions or affairs of any credit union whose savings are insured by federal share insurance.

(c) If any person mentioned in par. (a) discloses any information about the private account or transactions of a credit union or any information obtained in the course of an examination of a credit union, except as provided in pars. (a) and (b), that person is guilty of a Class I felony.

(7m) RETURN OF EXAMINATION REPORTS. Examination reports possessed by a credit union are confidential, remain the property of the office of credit unions, and shall be returned to the office of credit unions immediately upon request.

(8) RULES. The office of credit unions shall, with the approval of the credit union review board, promulgate rules relating to the business of credit unions.

(9) CHARTER REVOCATION. The office of credit unions shall report to the department of justice any credit union that conducts its business in violation of this chapter. The department of justice may bring an action to revoke the credit union's articles of incorporation.

(10) REMOVAL. (a) The office of credit unions may remove an officer, director, committee member or employee of a credit union if any of the following applies:

1. The policies or practices of the officer, director, committee member or employee are prejudicial to the best interest of the credit union, endanger or will endanger the safety or solvency of the credit union, or impair the interests of the members.

2. The officer, director, committee member or employee violates or permits the violation of this chapter, a rule promulgated under this chapter or an order of the office of credit unions.

(b) An officer, director, committee member or employee removed by the office of credit unions under par. (a) shall be given an opportunity for a hearing before the review board within 30 days after the date on which the removal order is issued.

(c) An order of removal takes effect on the date on which it is issued. A copy of the order shall be served upon the credit union and upon the officer, director, committee member or employee in the manner provided by law or by mailing a copy to the credit union and officer, director, committee member or employee at their last−known post−office addresses. An officer, director, committee member or employee who is removed from office or employment under this subsection may not be elected as an officer or director of, or be employed by, a credit union without the approval of the office of credit unions and the review board. An order of removal under this subsection is a final order or determination of the review board under s. 186.015.

(d) The office of credit unions may appoint any member of the credit union to fill a vacancy caused by a removal under this sub-

section. The person who is appointed shall hold office until the next annual meeting of the membership.

(11) POSSESSION BY OFFICE. (a) *Conditions for taking possession.* The office of credit unions may take possession and control of the business and property of any credit union if the credit union violates this chapter or if the credit union does any of the following:

1. Conducts its business contrary to law.

2. Violates its charter, or any law.

3. Conducts its business in an unauthorized or unsafe manner.

4. Has an impairment of its capital.

5. Suspends payment of its obligations.

6. Neglects or refuses to comply with the terms of an order of the office of credit unions.

7. Refuses to submit its books, papers, records, accounts or affairs for inspection to a credit union examiner.

8. Refuses to be examined upon oath regarding its affairs.

9. Receives notice of intent to terminate insured status by the national board.

(b) *Suspension.* 1. The office of credit unions may suspend, for a period of up to 120 days, an officer, director, committee member or employee of a credit union from engaging in credit union business if the office of credit unions finds the existence of any condition under par. (a) 1. to 9. The office of credit unions may renew a suspension under this subdivision any number of times and for periods of up to 120 days if the office of credit unions finds that the condition or conditions continue to exist.

2. The office of credit unions shall suspend the business of a credit union, other than a corporate central credit union, if the credit union does not comply with s. 186.34.

(c) *Possession by office of credit unions.* 1. The office of credit unions may take possession of the business and property of a credit union if the office finds the existence of any condition under par. (a) 1. to 9.

2. The office of credit unions shall take possession of the business and property of a credit union that violates s. 186.34, unless the office approves a merger under s. 186.31.

(d) *Procedure on taking possession.* Upon taking possession of the business and property of a credit union, the office of credit unions shall:

1. Serve a notice in writing upon the president and secretary of the credit union stating that the office of credit unions has taken possession and control of the business and property of the credit union. The notice shall be executed in duplicate, and immediately after service, one of the notices shall be filed with the clerk of the circuit court of the county in which the credit union is located together with proof of service.

2. Give notice to all individuals, partnerships, corporations, limited liability companies and associations known to the office of credit unions to be holding or in possession of any assets of the credit union.

(dg) *Special deputies.* The office of credit unions may appoint one or more special deputies as agent to assist in the duty of liquidation and distribution of the assets of one or more credit unions whose business and property the office of credit unions holds. A certificate of appointment shall be filed in the office of credit unions and a certified copy in the office of the clerk of the circuit court for the county in which the credit union is located. The office of credit unions may employ counsel and procure expert assistance and advice as necessary in the liquidation and distribution of the assets of the credit union, and may retain any officers or employees of the credit union that the office of credit unions considers to be necessary. The special deputies and assistants shall furnish security for the faithful discharge of their duties in an amount that the office of credit unions considers to be necessary. The special deputies may execute, acknowledge and deliver any deeds, assignments, releases or other instruments necessary to effect any sale and transfer or encumbrance of real estate or personal property and may borrow money for use in the liquidation after the liquidation has been approved by the office of credit unions and an order obtained from the circuit court of the county in which the credit union is located.

(dr) *Special deputy duties.* Upon taking possession of the property and business of the credit union, a special deputy is authorized to collect all moneys due to the credit union, and to do other acts necessary to conserve its assets and business, and shall proceed to liquidate the affairs of the credit union. The special deputy shall collect all debts due and claims belonging to the credit union, and upon a petition approved by the office of credit unions and upon order of the circuit court of the county in which the credit union is located, may sell or compound all bad or doubtful debts, or do any act or execute any other necessary instruments and upon petition and order may sell all the real and personal property of the credit union on such terms as the court shall approve.

(e) *Notice, allowance and payment of claims.* The special deputy shall publish a class 3 notice, under ch. 985, calling on all persons who may have a claim against the credit union to present the claim to the special deputy and make legal proof of the claim at a place and within a time, not earlier than the last day of publication, to be specified in the notice. The special deputy shall mail a similar notice to all persons, at their last−known address, whose names appear as creditors upon the books of the credit union. Proof of service of the notice shall be filed with the clerk of court. The special deputy may reject any claim. Any party interested may also file written objections to any claim with the special deputy and, after notice by registered mail of the rejection, the claimant shall be barred unless the claimant commences an action on the claim within 3 months. Claims presented after the expiration of the time fixed in the notice shall be entitled to an equitable share from the distribution of any assets remaining in the hands of the special deputy after properly filed claims have been paid.

(f) *Inventory of assets and statement of liabilities.* Upon taking possession of the property and assets of the credit union, the special deputy shall make an inventory of the assets of the credit union, in duplicate, one to be filed in the office of credit unions and one in the office of the clerk of circuit court for the county in which the credit union is located. Upon the expiration of the time fixed for the presentation of claims, the special deputy shall make in duplicate a full and complete list of the claims presented, including and specifying the claims rejected by the special deputy, one to be filed in the office of credit unions, and one in the office of the clerk of circuit court for the county in which the credit union is located. The inventory and list of claims shall be open at all reasonable times to inspection.

(g) *Adjustment of loans and withdrawal value of shares.* The value of shares pledged upon a loan to the credit union shall be applied and credited to the loan and the borrower shall be liable only for the balance. The rate of interest charged upon the balance shall be the legal rate. Upon the approval of the value by the office of credit unions and the circuit court of the county in which the credit union is located, the book value of each member may be reduced proportionately. At least 5 days' written notice of the determination of value shall be given to all shareholders of the time and place the value shall be submitted to the circuit court for approval. Approval of the circuit court shall be by an order entered under s. 807.11 (2). Any stockholder or creditor of the credit union aggrieved by the determination of value may appeal to the court of appeals.

(h) *Compensation and expenses in connection with liquidation.* The compensation of the special deputies, counsel and other employees and assistants, and all expenses of supervision and liquidation shall be fixed by the office of credit unions, subject to the approval of the circuit court for the county in which the credit union is located, and shall upon the certificate of the office of credit unions be paid out of the funds of the credit union. Expenses of supervision and liquidation include the cost of the services rendered by the office of credit unions to the credit union being liquidated. The cost of these services shall be determined by the office

of credit unions and paid to the office from the assets of the credit union as other expenses of liquidation are paid. The moneys collected by the special deputy shall be deposited in a corporate central credit union, and, in case of the suspension or insolvency of a depository, such deposits shall be preferred before all other deposits.

(i) *Liquidating dividends.* At any time after the expiration of the date fixed for the presentation of claims, the special deputy in charge of the liquidation of the credit union may, upon a petition approved by the office of credit unions and an order of the circuit court of the county in which the credit union is located, out of the funds remaining, after the payment of expenses and debts, declare one or more dividends, and may declare a final dividend to be paid to such persons, and in such amounts as may be directed by the circuit court.

(j) *Title passes to office of credit unions.* Immediately upon filing the notice under par. (d), the possession of all assets and property of the credit union shall be considered to be transferred from the credit union to and assumed by the office of credit unions. The filing of the notice shall of itself, and without the execution or delivery of any instruments of conveyance, assignment, transfer or endorsement, vest the title to all such assets and property in the office of credit unions. The filing shall also operate as a bar to any attachment, garnishment, execution or other legal proceedings against the credit union, or its assets and property, or its liabilities.

(k) *Effect of possession.* No credit union shall have a lien, or charge for any payment, advance or clearance made, or liability thereafter incurred, against any of the assets of the credit union of whose property and business the office of credit unions shall have taken possession.

(L) *Appeal.* If a credit union whose property and business the office of credit unions has taken possession of considers itself aggrieved by the office's action, it may, at any time within 30 days after the date of the taking, appeal to the credit union review board for relief from the possession by the office of credit unions. If the credit union review board sustains the office of credit unions, the credit union may, at any time within 30 days after the decision of the credit union review board, apply to the circuit court of the county in which the credit union is located to enjoin further proceedings. The court, after citing the office of credit unions to show cause why further proceedings should not be enjoined and after hearing all allegations and proofs of the parties and determining the facts, may upon the merits dismiss the application or enjoin the office of credit unions from further proceedings, and may direct the office to surrender the business and property to the credit union.

(m) *Reinstatement.* After the office of credit unions takes over the possession and control of the business and property of a credit union, the credit union may resume business if all of the following apply:

1. The owners of at least two−thirds of the credit union dollar value of outstanding shares execute a petition to resume business, the form of which petition shall be prescribed by the office of credit unions.

2. There is submitted to the office of credit unions by the shareholders, or a committee selected by them, a plan for the reorganization and reinstatement of the credit union.

3. A request for continuation of federal share insurance has been submitted and accepted.

4. The office of credit unions recommends that control of the business and property of the credit union be returned to the shareholders.

5. The court in which the liquidation is pending, upon application of the office of credit unions, makes an order approving the office's recommendations, which order shall contain a finding that the credit union will be in a safe and sound condition when control is resumed by the shareholders.

(n) *Reinstatement upon restricted basis.* In addition to the procedure under par. (m), a credit union may resume business upon a restricted basis, and upon such limitations and conditions as may be prescribed by the office of credit unions when approved by the circuit court for the county in which the credit union is located, upon application of the office of credit unions. The restrictions and conditions may include a prohibition against the selling of new shares, reasonable restrictions upon withdrawals and the payment of other liabilities. On approval, the credit union shall be relieved from the control and supervision of the office of credit unions, but the approval does not prohibit the office from again proceeding against the credit union if conditions warrant the office's action.

(p) *Liquidating dividends and unclaimed funds.* 1. The special deputy shall deposit unclaimed liquidating dividends and unclaimed funds remaining unpaid in the hands of the special deputy for 6 months after the order for final distribution in a corporate central credit union in the office of credit unions' name in trust for the shareholders and creditors of the liquidated credit union. The office of credit unions shall annually report to the governor and the chief clerk of each house of the legislature for distribution to the legislature under s. 13.172 (2) the names of credit unions of which the office has taken possession and liquidated, and the sums of unclaimed and unpaid liquidating dividends and unclaimed funds with respect to each of the credit unions and include a statement of interest earned upon those funds.

2. The office of credit unions may pay over the funds held by the office of credit unions under subd. 1. to the persons entitled to the funds, upon being furnished satisfactory evidence of their right to the funds. In case of doubt or conflicting claims, the office of credit unions may require an order of the circuit court authorizing payment. The office of credit unions may apply the interest earned by the funds toward defraying the expenses in the payment and distribution of unclaimed liquidating dividends and unclaimed funds to the stockholders and creditors entitled to receive the dividends and funds.

3. One year after the date of the order for final distribution, the office of credit unions shall report and deliver to the secretary of revenue all unclaimed funds as provided in ch. 177. All claims subsequently arising shall be presented to the office of credit unions. If the office of credit unions determines that any claim should be allowed, the office shall certify to the department of administration the name and address of the person entitled to payment and the amount of the payment and shall attach the claim to the certificate. The department of administration shall certify the claim to the secretary of revenue for payment.

(12) ANNUAL REPORT. (a) The office of credit unions shall submit to the governor, and to the legislature under s. 13.172 (2), an annual report on the general conduct and condition of credit unions doing business in this state. The report shall be based upon the individual annual reports filed with the office of credit unions.

(b) The office of credit unions shall designate the number of copies of the report to be made available for general distribution. Each credit union is entitled to one copy.

(13) FEES FOR OFFICE PUBLICATIONS. (a) Whenever copies of reprints of this chapter, the annual report of credit unions or any other publication published by the office of credit unions are requested, copies shall be furnished upon payment of any fee established by the office of credit unions.

(b) Upon request, the office of credit unions may distribute copies of materials described under par. (a) free to agencies or legislators of this state or any other state, county clerks, the courts of this state, trade organizations and any agencies of the United States.

(14) ANNUAL ASSESSMENTS AND EXAMINATION COSTS. (a) The office of credit unions, with the approval of the credit union review board, shall fix the amounts to be assessed against credit unions for their supervision and examinations under this chapter. Amounts shall be determined and paid as provided in this subsection.

(b) On or before July 15 of each year, each credit union shall pay to the office of credit unions an annual assessment, which shall represent as nearly as practicable its fair share of the maintenance of the office of credit unions.

(c) In addition to the annual assessment, each credit union shall be charged for the cost of every examination made. The examination charge shall include the prorated amount of salaries and expenses of all examiners and other employees actively engaged in the examination, the salaries and expenses of any other person whose services are required in connection with the examination and any examination report and any other expenses which may be directly attributable to the examination. The examination charge shall be paid on the day on which the examination is completed.

(d) Failure of any credit union to pay any amount as provided in this subsection shall be grounds for the revocation of the charter of the credit union failing to make the payment.

(e) If the amounts collected under this subsection exceed the actual amounts necessary for the supervision and examination of credit unions in a year, the excess shall be retained by the office of credit unions and applied in reducing the amounts chargeable for ensuing years.

(15) TESTIMONIAL POWERS. (a) The office of credit unions may issue subpoenas and take testimony.

(b) Witness fees shall be the same as fees under s. 814.67 (1) (b) and (c). The fees of witnesses who are called by the office in the interests of the state shall be paid by the state upon presentation of proper vouchers approved by the office of credit unions and charged to the appropriation under s. 20.144 (1) (g). A witness subpoenaed by the office at the instance of a party other than the office shall not be entitled to payment of fees by the state unless the office certifies that the testimony was material to the purpose for which the subpoena was issued.

(16) PERIODIC EXAMINATION. At least once every 18 months, the office of credit unions shall examine the records and accounts of each credit union. For that purpose the office of credit unions shall have full access to, and may compel the production of, each credit union's records and accounts. The office of credit unions may administer oaths to and examine each credit union's officers and agents.

(16m) FINANCIAL PRIVACY EXAMINATION. The office of credit unions shall examine a credit union to determine the credit union's compliance with s. 186.20.

(17) REFUSAL TO SUBMIT TO EXAMINATION. The office of credit unions shall report to the department of justice any credit union that refuses to submit to an examination. The department of justice shall institute proceedings to revoke the charter of the credit union.

(18) RECORD−KEEPING AND ACCOUNTING PROCEDURE. (a) A credit union shall keep records and accounts in a manner consistent with generally accepted accounting principles or with standards prescribed by the office of credit unions. If a credit union does not keep its records and accounts in a manner consistent with generally accepted accounting principles, the office of credit unions may require the credit union to keep records and accounts under standards prescribed by the office.

(b) The office of credit unions may require a credit union that fails to open records or maintain prescribed records or accounts to forfeit not more than $100 for each day it is in violation. If the credit union fails to pay the forfeiture, the office of credit unions may institute proceedings to recover the forfeiture.

(19) SUPERVISION; REPORTS. All credit unions formed under this or other similar law, or authorized to transact in this state a business similar to that authorized to be done by this chapter, shall be under the control and supervision of the office of credit unions. Every such corporation shall make a full and detailed report of its business as of December 31 for that year, and of its condition on such date, in such form and containing such information as the office of credit unions may prescribe, and shall file with the office of credit unions a true and verified copy thereof on or before February 1 thereafter. Accompanying the same shall be attached a copy of the statement of the credit union at the close of its last fiscal year. If any such credit union fails or refuses to furnish the report herein required, it shall be subject, at the discretion of the office of credit unions, to a forfeiture of $1 to $10 per day for each day of default, and the office of credit unions may maintain an action in the name of the state to recover such penalty, and the same shall be paid into the state treasury.

(20) APPROVAL OF ACTS. Whenever any credit union requests approval of the office of credit unions for any act, which by statute requires approval, the office of credit unions shall have 90 days in which to grant, deny or defer the approval. A deferral may be for not more than 60 days. If the office of credit unions fails to act, approval shall be considered to have been granted. In matters which require the holding of public hearings, the 90−day period shall not commence until the conclusion of the hearing and the date set by the office of credit unions for receipt of briefs.

(21) PARITY. Unless the office of credit unions is expressly restricted by statute from acting under this subsection with respect to a specific power, right or privilege, the office of credit unions by rule may, with the approval of the credit union review board, authorize credit unions to exercise any power under the notice, disclosure or procedural requirements governing federally chartered credit unions or to make any loan or investment or exercise any right, power or privilege of federally chartered credit unions permitted under a federal law, regulation or interpretation. Notice, disclosure and procedures prescribed by statute which may be modified by a rule adopted under this subsection include, but are not limited to, those provided under s. 138.056. A rule adopted under this subsection may not affect s. 138.041 or chs. 421 to 428 or restrict powers granted credit unions under this chapter.

Cross−reference: See also ch. DFI−CU 74, Wis. adm. code.

History: 1995 a. 151 ss. 12 to 14, 16, 65, 191 to 231, 233, 235, 237 to 264, 292; 1995 a. 225 s. 429; 1995 a. 325 ss. 1, 2; 1995 a. 417; 1997 a. 35, 152; 2003 a. 63; 2011 a. 32; 2013 a. 20.

Cross−reference: See also s. DFI−CU 60.06, Wis. adm. code.

Sub. (19) authorizes the office of credit unions to control and supervise credit unions incorporated in other states, including whether and where a foreign credit union may operate a branch office in this state. It was not unreasonable to impose on a foreign credit union the analogous geographical limitations that s. 186.113 imposes on state credit union branches located outside of the state. Heritage Credit Union v. Office of Credit Unions, 2001 WI App 213, 247 Wis. 2d 589, 634 N.W.2d 593, 00−3162.

186.31 Mergers. (1) TRANSFER OF ASSETS AND LIABILITIES. Any credit union, which is in good faith winding up its business for the purpose of merging with another credit union, may transfer its assets and liabilities to the credit union with which it is in the process of merging; but no merger may be made without the consent of the office of credit unions, and not then to defeat or defraud any of its creditors in the collection of debts against such credit union.

(2) APPROVAL. To effect a merger, the board of directors of each credit union shall, by resolution, propose a specific plan for merger which shall be agreed to by a majority of the board of each credit union joining in the merger. The proposed merger plan shall be submitted to a vote at an annual or special meeting of members of the merging credit union. Written notice of the meeting setting forth the proposed plan of merger or a summary shall be given to each member of the merging credit union within the time and in the manner provided for the giving of notice of meetings of members of the credit union. The proposed plan shall be adopted upon receiving a majority of the votes entitled to be cast by members present at the meeting.

(2m) EMERGENCY MERGER. Notwithstanding sub. (2), if the office of credit unions determines that the merging credit union is in danger of insolvency, and that the proposed merger would reduce or avoid a threatened loss to federal share insurance, the office of credit unions may permit the merger to become effective without an affirmative vote of the membership of the merging credit union.

(3) RIGHTS TRANSFERRED. The credit union merging with another credit union shall not be required to go into liquidation but

its assets and liabilities shall be reported by the credit union with which it has merged, and all the rights, franchises and interests of the merging credit union to any property belonging to the credit union shall be considered to be transferred, and the resulting credit union 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 merging credit union. The members or shareholders of the merging credit union shall without any further act on their part be members and shareholders of the resulting credit union and be subject to all rights, privileges and duties as provided for in the bylaws of the resulting credit union.

History: 1971 c. 193; 1977 c. 152; 1985 a. 29; 1995 a. 27, 151.

186.314 Conversion. (1m) TO FEDERAL CREDIT UNION. A credit union may convert to a federal credit union by complying with the following:

(a) The proposition for a conversion shall first be approved by unanimous recommendation of the directors of the credit union. The directors shall set a date for a vote by the members on the conversion. Written notice specifying the reason for conversion and the date set for the vote shall be delivered in person or mailed to each member at the address appearing on the records of the credit union, not more than 45 days nor less than 15 days before the meeting. A majority of the members voting, in person or in writing, may approve the proposition for conversion, provided not more than 15 members or 10% of the total membership, whichever is greater, object by written notice.

(b) A statement of the results of the vote, verified by the affidavits of the chairperson or the vice chairperson and the secretary, shall be filed with the office of credit unions within 10 days after the vote is taken.

(c) Within 90 days after the date on which the proposition for conversion is approved, the credit union shall take the necessary action under 12 USC 1771 (b) to make it a federal credit union. Within 10 days after receipt of the federal credit union charter, the credit union shall file a copy of the charter with the office of credit unions. Upon filing, the credit union shall cease to be a state credit union.

(d) Upon ceasing to be a state credit union, the credit union shall no longer be subject to this chapter. The successor federal credit union shall be vested with all the assets and shall continue to be responsible for all of the obligations of the state credit union to the same extent as though the conversion had not taken place.

(2m) TO SAVINGS BANK OR STATE BANK. (a) In this subsection:

1. "Savings bank" has the meaning given in s. 214.01 (1) (t) and includes a mutual savings bank and a stock savings bank as well as a savings bank that is a subsidiary of, or is otherwise controlled by, a savings bank holding company.

2. "Savings bank holding company" has the meaning given in s. 214.01 (1) (tm).

3. "State bank" means a bank organized under ch. 221.

(b) A credit union may convert to a savings bank or state bank by complying with pars. (c) to (e).

(c) The proposition for a conversion shall first be approved by a majority recommendation of the directors of the credit union. After the board of directors approves the conversion proposal, the directors shall, by a majority vote of the directors, set a date for a meeting of credit union members to vote on the conversion. Credit union members may also vote by written ballot to be filed on or before the meeting date. Written notice stating the credit union's intent to convert to a savings bank or state bank shall be sent to each member at the member's address appearing on the records of the credit union. This notice shall be sent to each credit union member 3 times, once not more than 95 calendar days nor less than 90 calendar days before the date of the meeting to vote on the conversion, once not more than 65 calendar days nor less than 60 calendar days before the date of the meeting to vote on the conversion, and once not more than 35 calendar days nor less than 30 calendar days before the date of the meeting to vote on the conversion. A ballot may be included in the same envelope as the 3rd notice. Each notice shall adequately describe the purpose and subject matter of the vote to be taken at the meeting set by the board of directors or by submission of a written ballot. Each notice shall clearly inform members that they may vote at the meeting or by submitting the written ballot. Each notice shall state the date, time, and place of the meeting. If a written ballot is included with the 3rd notice, the 1st and 2nd notices shall state in a clear and conspicuous manner that a written ballot will be mailed together with another notice between 30 and 35 days before the date of the membership vote on conversion. If a written ballot is included in the same envelope with the 3rd notice, the 3rd notice shall so state in a clear and conspicuous manner. Approval of the proposition for conversion shall be by affirmative vote, in person or in writing, of a majority of the credit union members voting at the meeting or by written ballot.

(d) A credit union that proposes to convert to a savings bank or state bank under this subsection shall file with the office of credit unions a notice of its intent to convert and, within 10 days after the member vote on the conversion under par. (c), a statement of the results of the member vote. If the credit union members vote to approve the proposition for conversion, the member vote shall be verified by the office of credit unions.

(e) Upon approval by the credit union members of the proposition for conversion under par. (c), the credit union shall take all necessary action under ch. 214 or 221 to complete the conversion to a savings bank or state bank. Within 90 days after receipt from the division of banking of a certificate of incorporation as a savings bank or state bank, the credit union shall file a copy of the certificate with the office of credit unions and the office of credit unions shall issue to a converting credit union a certificate of conversion to a savings bank or state bank.

(f) Upon conversion, the credit union shall cease to be a credit union, shall be a savings bank or state bank, shall no longer be subject to this chapter, and shall be subject to ch. 214 or 221 and all other provisions of law governing savings banks or state banks. Upon conversion, the legal existence of the savings bank or state bank shall be a continuation of the credit union, and all property and every right, privilege, interest, and asset of the credit union immediately, without any conveyance, transfer, or further act of the savings bank or state bank, vests in the savings bank or state bank. The resulting savings bank or state bank shall succeed to and be vested with all the rights, assets, obligations, and relations of the credit union, and all actions and other judicial proceedings to which the credit union is a party may be prosecuted and defended, to the same extent as though the conversion had not taken place.

(g) Upon conversion of a credit union into a stock savings bank or state bank, the stock savings bank or state bank may distribute shares of the capital stock of the stock savings bank or state bank, or may distribute cash, or both, to the former members of the converted credit union in recognition of their ownership of the equity of the converted credit union.

(h) 1. In this paragraph, "senior management official" means a chief executive officer, an assistant chief executive officer, a chief financial officer, and any other senior executive officer as defined by the appropriate federal banking agency as directed under 12 USC 1831i (f).

2. No director or senior management official of a credit union may receive any economic benefit in connection with a conversion of the credit union to a savings bank or state bank except that a director or senior management official may receive director fees as well as compensation and other benefits paid to directors and senior management officials of the converted savings bank or state bank in the ordinary course of business.

History: 1971 c. 193; 1985 a. 29; 1995 a. 27, 151; 2005 a. 134; 2011 a. 32.

186.315 Charter cancellation. Upon completion of a voluntary liquidation as provided in s. 186.18, or upon completion of the liquidation in cases under s. 186.235 (11), or after the assets

and liabilities of a credit union are transferred to another credit union for the purpose of merger as provided in s. 186.31 (3), the office of credit unions shall cancel the charter of the credit union liquidated or merged without any other or further notice to the credit union or to any person. A certified copy of the order or certificate of the office of credit unions shall be recorded with the register of deeds of the county in which the credit union is located. The register of deeds shall note on the margin of the record of the articles of incorporation of the credit union the volume and page where the order or certificate canceling its charter is recorded. In case of voluntary liquidation under s. 186.18 or merger under s. 186.31, the credit union shall record the order or certificate of the office of credit unions and pay the fee. In case of liquidation under s. 186.235 (11), the office of credit unions or special deputy shall record the order or certificate of the office of credit unions and pay the fee out of the assets of the credit union as an expense of liquidation.

History: 1971 c. 193 s. 42 (1); 1995 a. 27, 151.

186.32 Corporate central credit union. (1) ORGANIZATION. A corporate central credit union may be organized and operated under the conditions and provisions of this chapter and subject to all of the provisions of this chapter not inconsistent with this section. It shall be lawful for other credit unions located in this state and any other state to become members of a corporate central credit union. Credit unions having membership in a corporate central credit union may be represented at an annual or special meeting of the corporate central credit union by one member authorized by the board of directors of that member credit union and shall be entitled to one vote. The representative may be eligible for office in the corporate central credit union the same as if the representative were a member of the corporate central credit union.

(2) DIVIDENDS. A corporate central credit union may pay to the accounts of member credit unions dividends on a basis other than that required by this subsection for other members of a corporate central credit union. Dividends paid under this subsection shall be considered a normal operating expense of the corporate central credit union's operation. Rates of such dividends and terms of payment may be established and guaranteed in advance by action of the corporate central credit union's board of directors.

History: 1971 c. 193; 1979 c. 282; 1981 c. 5; 1993 a. 482; 1995 a. 151.

186.325 National corporate central credit union. (1) CRITERIA. A corporate central credit union is a national corporate central credit union if all of the following conditions are met:

(a) Its membership consists of any of the following:

1. Central or corporate central credit unions that are organized under the laws of this state or another state or under federal law.

2. Officers and directors of the qualifying corporate central credit union.

3. Organizations operated primarily to service and otherwise assist credit union operations.

(b) Its membership does not include any of the following:

1. Credit unions other than those under par. (a) 1.

2. Individuals other than those under par. (a) 2.

(c) At least 75% of its savings and deposits are derived from members under par. (a) 1. and the remainder of its savings and deposits are derived from members under par. (a) 2. and 3.

(2) BORROWING LIMITS. The borrowing limits under s. 186.112 do not apply to a national corporate central credit union.

History: 1995 a. 151.

186.34 Federal share insurance. (1) INSURANCE REQUIRED. No credit union may accept any deposit from any person other than an incorporator before the credit union has received a certificate of share insurance issued by the national board.

(4) CERTIFICATE FILING. Every credit union that receives a certificate of insurance from the national board shall file a copy of the certificate with the office of credit unions within 30 days after the credit union receives the certificate.

(5) INSURANCE TO BE MAINTAINED. Notwithstanding any other provision of this chapter, every credit union, other than a corporate central credit union, shall take, and a corporate central credit union may take, every action lawfully required to maintain federal share insurance coverage in full force and effect, and shall refrain or desist from taking any action that is likely to cause termination of federal share insurance coverage.

History: 1985 a. 29; 1987 a. 27; 1995 a. 27; 1995 a. 151 ss. 278 to 282, 304.

186.36 Sale of insurance in credit unions. Any officer or employee of a credit union, when acting as an agent for the sale of insurance on behalf of the credit union, shall pay all commissions received from the sale of insurance to the credit union.

History: 1973 c. 243; 1993 a. 482; 1995 a. 151; 2003 a. 63.

186.41 Interstate acquisitions and mergers of credit unions. (1) DEFINITIONS. In this section:

(am) "Out−of−state credit union" means a state or federal credit union, the principal office of which is located in a state other than this state.

(bm) "Wisconsin credit union" means a credit union having its principal office located in this state.

(2) WISCONSIN CREDIT UNION. (a) A Wisconsin credit union may do any of the following:

1. Acquire an interest in, or some or all of the assets and liabilities of, one or more out−of−state credit unions.

2. Merge with one or more out−of−state credit unions.

(b) A Wisconsin credit union proposing any action under par. (a) shall provide the office of credit unions a copy of any original application seeking approval by a federal agency or by an agency of another state and of any supplemental material or amendments filed in connection with any application.

(3) OUT−OF−STATE CREDIT UNIONS. Except as provided in sub. (4), an out−of−state credit union may do any of the following:

(a) Acquire an interest in, or some or all of the assets of, one or more Wisconsin credit unions.

(b) Merge with one or more Wisconsin credit unions.

(4) LIMITATIONS. An out−of−state credit union may not take any action under sub. (3) until all of the following conditions have been met:

(a) The office of credit unions finds that the statutes of the state in which the out−of−state credit union has its principal office permit Wisconsin credit unions to both acquire out−of−state credit union assets and merge with one or more out−of−state credit unions in that state.

(b) The office of credit unions has not disapproved the acquisition of Wisconsin credit union assets or the merger with the Wisconsin credit union under sub. (5).

(c) The office of credit unions gives a class 3 notice, under ch. 985, in the official state newspaper, of the application to take an action under sub. (3) and of the opportunity for a hearing and, if at least 25 residents of this state petition for a hearing within 30 days of the final notice or if the office of credit unions on its own motion calls for a hearing within 30 days of the final notice, the office of credit unions holds a public hearing on the application, except that a hearing is not required if the office of credit unions finds that an emergency exists and that the proposed action under sub. (3) is necessary and appropriate to prevent the probable failure of a Wisconsin credit union that is closed or in danger of closing.

(d) The office of credit unions is provided a copy of any original application seeking approval by a federal agency of the acquisition of Wisconsin credit union assets or of the merger with a Wisconsin credit union and of any supplemental material or amendments filed with the application.

(e) The applicant has paid the office of credit unions a fee of $1,000 together with the actual costs incurred by the office in holding any hearing on the application.

(f) With regard to an acquisition of assets of a Wisconsin credit union that is chartered on or after May 9, 1986, the Wisconsin credit union has been in existence for at least 5 years before the date of acquisition.

(5) STANDARDS FOR DISAPPROVAL. The office of credit unions may disapprove of any action under sub. (3) if the office finds any of the following:

(a) Considering the financial and managerial resources and future prospects of the applicant and of the Wisconsin credit union concerned, the action would be contrary to the best interests of the members of the Wisconsin credit union.

(b) The action would be detrimental to the safety and soundness of the applicant or of the Wisconsin credit union concerned, or to a subsidiary or affiliate of the applicant or of the Wisconsin credit union.

(c) Because the applicant, its executive officers, or directors have not established a record of sound performance, efficient management, financial responsibility, and integrity, the action would be contrary to the best interests of the creditors, the members, the other customers of the applicant, the Wisconsin credit union, or the public.

(cg) The applicant has failed to provide adequate and appropriate services of the type contemplated by the community reinvestment act of 1977 to the communities in which the applicant is located.

(cr) The applicant has failed to propose to provide adequate and appropriate services of the type contemplated by the community reinvestment act of 1977 in the community in which the Wisconsin credit union which the applicant proposes to acquire or merge with is located.

(ct) The applicant has failed to enter into an agreement prepared by the office of credit unions to comply with laws and rules of this state regulating consumer credit finance charges and other charges and related disclosure requirements, except to the extent preempted by federal law or regulation.

(d) Any of the conditions under sub. (4) (a), (c), (d), (e) or (f) has not been met.

(e) The applicant fails to meet any other standards established by rule of the office of credit unions.

(5m) BRANCHING NOT LIMITED. This section does not limit branching authority under s. 186.113 (1).

(6) APPLICABILITY. (a) Subsections (1) to (5) do not apply prior to January 1, 1987, except that the office of credit unions may promulgate rules under sub. (5) (e) to be applicable no earlier than the date that subs. (1) to (5) apply.

(7) WHEN INVALIDATED. If any part of subs. (1) to (5) is held to be unconstitutional, then all of subs. (1) to (5) shall be invalid.

History: 1985 a. 325, 332; 1995 a. 27, 151; 2003 a. 63; 2005 a. 131.

186.45 Non−Wisconsin credit union, Wisconsin offices. (1) DEFINITIONS. In this section:

(a) "Non−Wisconsin credit union" means a credit union organized under the laws of and with its principal office located in a state other than this state.

(b) "Wisconsin credit union" has the meaning given in s. 186.41 (1) (bm).

(2) APPROVAL. A non−Wisconsin credit union may open an office and conduct business as a credit union in this state if the office of credit unions finds that Wisconsin credit unions are allowed to do business in the other state under conditions similar to those contained in this section and that all of the following apply to the non−Wisconsin credit union:

(a) It is a credit union organized under laws similar to the credit union laws of this state.

(b) It is financially solvent based upon national board ratings.

(c) It has member savings insured with federal share insurance.

(d) It is effectively examined and supervised by the credit union authorities of the state in which it is organized.

(e) It has received approval to open an office and conduct business as a credit union in this state from the credit union authorities of the state in which it is organized.

(f) It has a need to place an office in this state to adequately serve its members in this state.

(g) It meets all other relevant standards or qualifications established by the office of credit unions.

(3) REQUIREMENTS. A non−Wisconsin credit union that opens an office and conducts business as a credit union in this state shall do all of the following:

(a) Grant loans at rates not in excess of the rates permitted for Wisconsin credit unions.

(b) Comply with this state's laws.

(c) Designate and maintain an agent for the service of process in this state.

(4) RECORDS. As a condition of a non−Wisconsin credit union doing business in this state under this section, the office of credit unions may require copies of examination reports and related correspondence regarding the non−Wisconsin credit union.

History: 2003 a. 63, 326.

186.52 Customer access to appraisals. If requested by an individual who is a customer, loan applicant or credit applicant, a financial institution, as defined in s. 705.01 (3), shall provide that individual with a copy of any written appraisal report which is held by the financial institution, which relates to residential real estate that the individual owns or has agreed to purchase and for which a fee is imposed.

History: 1991 a. 78.

186.53 Customer access to credit reports. If requested by an individual who is a customer, loan applicant or credit applicant, a financial institution, as defined in s. 705.01 (3), shall provide that individual, at no additional charge, with a copy of any written credit report which is held by the financial institution, which relates to that individual and for which a fee is imposed.

History: 1993 a. 425.

186.60 Venue. An action brought by a credit union to enjoin the office of credit unions in the discharge of the office's duties shall be brought in the county in which the credit union is located.

History: 1995 a. 151.

186.70 Record search. A credit union is entitled to reimbursement for expenses and costs incurred in searching for, reproducing and transporting books, papers, records and other data required to be produced by legal process, unless otherwise prohibited by law from collecting these expenses and costs or unless the person seeking the production is a government unit, as defined in s. 108.02 (17). The expenses and costs shall be paid by persons seeking such production. If a credit union is entitled to reimbursement under this section, a credit union may not be required to produce books, papers, records and other data in response to legal process unless the expenses and costs, identified in an itemized invoice to be provided by the credit union, are paid or unless payment is tendered to the credit union in cash or by certified check or draft.

History: 1995 a. 336.

186.71 Reproduction and destruction of records; evidence. (1) Any credit union may cause any or all records kept by such credit union to be recorded, copied or reproduced by any photostatic, photographic or miniature photographic process or by optical imaging if the process employed correctly, accurately and permanently copies, reproduces or forms a medium for copying, reproducing or recording the original record on a film or other durable material. A credit union may thereafter dispose of the

original record after first obtaining the written consent of the office of credit unions.

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

History: 1997 a. 152.

186.80 False statements. **(1)** No officer, director, or employee of a credit union may do any of the following:

(a) Willfully and knowingly subscribe to or make, or cause to be made, a false statement or entry in the books of the credit union.

(b) Knowingly subscribe to or exhibit false information with the intent to deceive any person authorized to examine the affairs of the credit union.

(c) Knowingly make, state, or publish any false report or statement of the credit union.

(2) Any person who violates sub. (1) is guilty of a Class F felony.

History: 2003 a. 63.